

CONFIDENTIAL.

CORRESPONDENCE

ESTABLISHMENT OF A COMMISSION

THE FINANCES

OF THE

REGENCY OF TUNIS.

1868-69.

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CONFIDENTIAL.

Correspondence respecting the Establishment of a Commission for regulating the Finances of the Regency of Tunis.

No. 1.

Mr. Wood to Lord Stanley.—(Received March 23.)

(No. 9.)

My Lord,

Tunis, March 14, 1868.

I HAVE the honour to state, with reference to my preceding Reports, relative to the contracts entered into by the Tunisian Government with some French parties for the consolidation of the Tunisian loans, and for the establishment of a Tunisian National Bank, that the bondholders, having presented a Memorial to the Marquis de Moustier against the consolidation of the loans, his Excellency has instructed the French Chargé d'Affaires to remonstrate against a measure which the bondholders consider to be prejudicial to their interests; and to intimate to the Bey that, in the event His Highness should persist in carrying it out, the French Government would withhold the requisite permission for quoting the Tunisian bonds in the Parisian Exchange.

Owing to the energetic remonstrances of the Marquis de Moustier, the Bey desired me to see his Prime Minister to advise him as to the course it would be prudent for the Tunisian Government to adopt to meet the views of the French Government without exposing itself, at the same time, to a lawsuit for damages with the parties with whom it had made the contracts in question; and I gave it as my personal opinion that, since the Tribunal de Commerce of the Seine had declared the bankruptcy of the principal contractor, Mr. O. Bureau, on the 31st of December last, the Bey should avail himself of the declaration of bankruptcy to issue a decree annulling the contracts, pursuant to the French Commercial Law which does not recognize the validity of contracts entered into by parties whilst in a state of bankruptcy.

A decree was, therefore, drawn up, based upon the foregoing grounds, and communicated to the French Chargé d'Affaires for the information of his Government, and of the Parties concerned. It cancels, likewise, the concession for the formation of a bank with faculty to put in forced circulation, paper money three times the amount of its metallic capital, and which had produced so much consternation amongst the commercial community in the Regency.

The Bey being very much depressed owing to all these adverse circumstances, I assured His Highness that, if his Government will permit the principal Foreign Representatives to suggest to it proper measures, it might yet extricate itself from its great and daily accumulating financial embarrassments instead of having recourse to foreign adventurers who are designated by the French press as "des forbans et des pirates qui infestent les parages Tunisiens."

I have, &c.
(Signed) RICHARD WOOD.

Count Maffei to Lord Stanley.—(Received April 4.)

My Lord,

28, Davies Street, Berkeley Square, ce 4 Avril, 1868.

PAR ordre de son Excellence le Comte Menabrea, j'ai l'honneur d'exposer à votre Seigneurie les observations suivantes sur la situation financière de la Régence de Tunis, vis-à-vis du commerce étranger.

Déjà depuis le mois de Mars 1867, les négociants Italiens, tout aussi bien que ceux des autres pays, éprouvaient les pertes les plus graves en suite de la dépréciation de certains titres de crédit du Gouvernement du Bey qui se trouvaient en leur possession, et qui étant tombés au dessous du 50 pour cent de leur valeur, n'offraient plus aucune garantie de remboursement. Après bien des démarches faites pour persuader le Gouvernement Tunisien à retirer une partie de ces titres qui étaient devenus une source de ruine pour les détenteurs, ces derniers ne pouvant pas, dans l'état actuel des choses, se livrer au commerce, sans l'intervention du Gouvernement local, deux sujets Italiens et deux Anglais prirent l'initiative d'une opération financière avec la Régence.

Par cet arrangement, qui apporta les plus grands avantages aux négociants étrangers établis à Tunis, les quatre commerçants entreprirent la conversion des titres susdits en de véritables obligations produisant un intérêt de 12 pour cent par an, étant en outre amortissables par extraction dans l'espace de sept ans.

Afin de garantir les 12,000,000 employés par les quatre capitalistes dans cette affaire, le Gouvernement Tunisien leur a remis un certain nombre de teskerés pour l'exportation de l'huile et de la laine. Les teskerés n'étant après tout que des permis d'exportation qu'on accorde après le paiement des droits établis à cet effet sur les dites marchandises, la garantie reçue par les négociants Italiens et Anglais équivaut par conséquent à une cession partielle des droits de douane appartenant au Gouvernement du Bey.

A l'aide de cette opération et d'autres du même genre qui lui succédèrent, l'immense bouleversement qui régnait dans le commerce de la Régence fut, en grande partie, réparé, et depuis lors les affaires de la Colonie Italienne semblent se trouver dans une meilleure condition qu'elles ne l'étaient auparavant.

Toutefois à l'époque de la signature du contrat ci-dessus mentionné, quelques commerçants Français ayant témoigné le désir de s'associer à la conversion, il parut que les autorités Consulaires de France aient employé tous les moyens pour dissuader ses dépendants d'y prendre part, et on ajoute même que les conseils du Consul Français à cet égard arrivèrent presque jusqu'à l'intimidation, et cela d'après les ordres formels de son Gouvernement.

En résumant ces faits, et en voyant l'empressement avec lequel le Gouvernement Français semble vouloir défendre un autre principe qui touche à l'intérêt de ses sujets commerçants dans l'affaire échouée de l'emprunt Tunisien, le Gouvernement du Roi a conçu quelque crainte au sujet de l'exécution fidèle des contrats stipulés pour la conversion des autres dettes de la Régence.

Des instructions furent, par conséquent, envoyées de Florence au Consul du Roi à Tunis, M. Pinna, dans le but de lui recommander la plus grande vigilance, afin que les droits acquis par les sujets Italiens ne soient, même pour un instant, mis en discussion.

Le Gouvernement du Roi croit pourtant de devoir appeler l'attention de celui de Sa Majesté la Reine sur les circonstances qui précèdent, et qui intéressent les commerçants Britanniques tout autant que les Italiens, en exprimant, en même temps, le désir que le Consul Anglais à Tunis reçoive des instructions analogues à celles qui furent transmises à M. Pinna, afin que ces deux Agents Consulaires puissent agir d'accord dans une question si importante pour les sujets de leurs Gouvernements respectifs.

J'ose me flatter que votre Seigneurie, en appréciant les motifs que j'ai eu l'honneur de lui soumettre, voudra bien deférer à la demande dont je viens d'être l'interprète, au nom de son Excellence le Comte Menabrea, et je suis, &c.

(Signé)

A. MAFFEI.

Mr. Wood to Lord Stanley.—(Received April 6.)

(No. 11.)

My Lord,

Tunis, March 28, 1868

I HAVE the honour to report that the Bey informed me at an interview that the French Chargé d'Affaires had availed himself of the demand of his Government that the contracts entered into with some French parties for the conversion of the Tunisian loans, should be annulled, to submit a project in a confidential form, for the formation of a Mixed Financial Commission to administer the revenues of the Regency, and to accompany it ostensibly with a private letter from the Prime Minister, requesting him to transmit it to the Marquis de Moustier for the purpose of eliciting his Excellency's opinion thereon. His Highness stated, however, that although he had acceded to the proposal on the clear understanding that the communication should be of a private and confidential character, nevertheless, M. de Botmilieu had subsequently suggested that he (the Bey) should address a formal letter on the subject to the Marquis de Moustier, throwing himself upon the protection of France and otherwise seeking her assistance for the settlement of his debts.

The French Chargé d'Affaires proposes, according to his project that the Financial Commission shall be composed of Tunisian functionaries and of resident European merchants; that a French financier shall be brought from Paris who shall be its Vice-President; that the French holders of Tunisian bonds shall depute an Agent to be a member of, and to represent them in, the Commission, and that, finally, the number and composition of the other European members shall be settled by a written agreement between him and the Prime Minister.

I pointed out to the Bey the great inconvenience and even danger that would accrue from the formal confirmation of the foregoing project, which, in my opinion required notable modification; not only for the protection of his own right to administer the revenues of his own country, but likewise for that of the international rights and immunities of other Governments whose subjects had material interests of greater importance than those of the bondholders, inasmuch as they were local and permanent, whereas those of the latter were temporary and extinguishable in about eleven years. Such, I conceived was the nature of the material interests of several thousands of British and Italian Colonists in the Regency, and that, consequently, neither Her Majesty's Government nor that of Italy, would permit that they should be placed under, or influenced directly or indirectly by, a Financial Commission, the Vice-President or which was to be a foreign functionary, probably invested with an official character from his own Government, and, therefore, scarcely responsible to the chief of the State. Independently of this serious objection there were other considerations to which I begged to draw attention. They referred to, first, to the composition of the Commission itself, which, it was pretended, shall be regulated by a written agreement between the French Chargé d'Affaires and the Prime Minister without the participation of the British and Italian Representatives; and, secondly, to the claim put forward that the Agent of the French bondholders should be a member of it, a privilege which, if accorded to one set of creditors, must be necessarily accorded also to the Commissioners of the converted floating debt. No misconception could exist as to the object of these arrangements, which aimed at the introduction of a French official in the administration of the Tunisian Finances to be governed and controlled by him through a majority of French members.

Besides our incontestable right to claim equality in every respect, I must remind His Highness that, when in 1858 it was proposed that the British Consul should be a member of the Managing Board of a projected bank, the French Government remonstrated against it on the plea that it would afford undue means to a British Agent to intervene in financial matters, and consequently in the internal affairs of the Regency. As the Imperial Government had, at the period alluded to, based its objections on administrative and political grounds, it was not reasonable to suppose that it would overcome them now in favour of a French official. It acted upon a principle which was appreciated by Her Majesty's Government, and any attempt to deviate from it at present would raise similar objections on our side. It was not, therefore, probable that M. de Botmilieu's project would be approved of by his Government; but that, at any rate, in view of the foregoing and other more serious considerations with reference to the future, it was inadmissible in its present form, and required such modifications as would secure, on the one hand, the Bey's rights and prerogatives from direct or covert encroachment, and on the other, as would place Great

Britain and Italy upon a footing of political equality in a country where the material interests of their subjects were equal to, if they did not surpass in importance, those of other nations.

The Bey was pleased to concur in my observations, but said that, owing to the unfortunate turn which his recent endeavours to consolidate his debts had taken, and the irritation it had produced in France, he was under the necessity of conciliating the French Representative, to lessen the pressure he had brought to bear upon him, and he therefore hoped, under the circumstance, I would aid him to overcome his difficulty.

Impressed with the conviction that to a daily-growing evil a radical remedy must be applied, and that it was utterly hopeless to expect any improvement whatsoever so long as the finances continued to be solely administered by persons who had given such palpable proofs of glaring incompetency, I have submitted a counter-project to His Highness, in a confidential form, for the establishment of a Financial Commission, a copy of which I respectfully venture to inclose herewith.

In drawing it up, I have carefully kept in view two principles, namely, the preservation and free exercise of the Bey's rights, and the participation of England and Italy in the Commission, on a footing of perfect equality. In order to carry out these objects it is proposed that the warrant for its formation shall emanate from the Chief of the State; that the European members, like the Tunisian ones, shall receive their nomination direct from His Highness; after coming, however, to an understanding with their respective Consulates to ensure capacity, experience, and integrity; that the Vice-Presidency shall devolve on each of the former by rotation; that the Agent of the French bondholders shall have no deliberative voice, but simply watch over the proper administration of those branches of the public revenue which have been set apart for the payment of the Tunisian loans; and that, finally, Regulations shall be framed, to be approved of by the Bey, for its internal management.

Upon these broad bases no political inconvenience or danger can accrue from the introduction of the European element in a Financial Commission. Practically, it would be of incalculable advantage; and indeed, I may venture to express it as my firm opinion that it will be an arduous task to extricate the Regency from its present pecuniary position without the adoption of some effective measure of the above description, which, by creating confidence, and by raising the credit of the Tunisian Government, will satisfy its foreign creditors, and induce them to afford time for a settlement.

If I am allowed to infer the opinions of my French and Italian colleagues on the subject from what was dropped from them in their conversations with me, I should say that the latter entirely concur in the observations I deemed it proper to make to the Bey, but that the former, without openly dissenting from them, appears, nevertheless, anxious to turn the present state of things to the sole advantage of France. And such perseverance in such an object cannot but lead to discussions, extremely prejudicial both to the mass of the creditors and to the Tunisian Government, I dare venture to submit, with the utmost deference, how highly desirable it would be that the British, French, and Italian Representatives should be instructed to act in perfect harmony and concert in a question simply involving material interests, common to all, and which their respective Governments are called upon to protect, irrespective of personal views and pretensions.

I have, &c
(Signed) RICHARD WOOD.

Inclosure 1 in No. 3.

Project for the Formation of a Mixed Financial Commission.

(Translation.)

1. A FINANCIAL Commission shall be constituted by warrants emanating from us, and which shall be composed of personages belonging to our Government, and of some of the principal European merchants established in Tunis, as well as of a person learned in the administration of finances who shall be brought from Paris, and of a Procurator of the head of all of the whole Tunisian debt. We shall also appoint from among the servants of the Government a President to the said Commission, and the Vice-President shall be the aforesaid financier. The mode of composing the Members

shall take place in the way that shall be established in writing between the Consul-General and (Monsieur) d'Affaires of France, and his Excellency the Prime Minister.

2. The service of the Commission shall be performed in a convenient office in Tunis, which shall be fixed by us.

3. The service of the Commission shall have two objects. 1st, To attend to the revenue of the Government and annual expenditure so as to augment the revenue and diminish the expenses without omitting those which the Government shall require. A fixed sum of money shall be determined to supply the wants of the Government. 2ndly, To attend to the surplus beyond the sum destined for the use of the Government, and to the mode of satisfying the principal and interest of the debts and of the said surplus.

4. All the revenue of the Government shall be cashed through the Commission, so that no receipt of money shall take place in any other way. All the treasurers (Treasurers) which shall be issued for monies out of the sum destined for the use of the Government shall be drawn upon it. It shall mark them with a mark of acceptance, and they shall not exceed the sum destined for the use of the Government.

5. The scope of forming this Commission is that of creating confidence in the hearts of the bondholders of the whole Tunisian debt, so that they may be assured of our object, which is a solicitude to satisfy them.

6. Regulations shall be formed for the service of this Commission, which is to be established by warrant, under our signature, taking these principles as a basis, and the acts of the Commission shall be governed in accordance therewith, being our trust in the Almighty that it shall bear good fruit. Regulations shall be also formed for its internal management.

Inclosure 2 in No. 3.

The Bey's Prime Minister to the French Consul

(Translation.)
(Confidential.)

We have submitted to His Highness the private Conference which has taken place between us agreeable to your well known friendship and that of your high Government, and which we have experienced for so many years regarding the working out of an opinion relative to a financial Commission, and His Highness thinks that I should inform you of what I have told you on the subject and which is based upon the six principles respecting the financial Commission, which are described in the paper under this date, and herein inclosed. Our object is that you should submit this opinion to your high Government, accompanying it with such kind interposition as is usual on your part.

I request you will use all your efforts to ask the assistance of your great Government and of its Minister in this affair, from which His Highness and his Government trust to obtain results beneficial to his Government as well as to the creditors. We well know the assistance of your great Government towards their friend and my master in such like and even greater affairs.

Inclosure 3 in No. 3.

Counter Project submitted to the Bey for the Establishment of a Financial Commission.

IL est de la plus haute importance que les Représentants étrangers soient édités sur les prérogatives de la Commission Financière soumise à la considération du Bey.

Cette Commission ne saurait être constituée de manière à porter atteinte aux droits et prérogatives qui sont assurés au Prince par le *status quo* de la Régence, ni aux engagements internationaux qui existent entre le Gouvernement Tunisien et les Gouvernements étrangers. Il serait en effet hors du pouvoir du Gouvernement Tunisien d'évader aucun de ces engagements, à l'ombre des actes d'une Commission qui ne pourrait être constituée que sous sa seule responsabilité.

Le projet primitif cependant paraît tendre à conférer à la Commission des pouvoirs qui ne pourraient se réaliser qu'après une entente avec les Gouvernements étrangers.

Il paraîtrait convenable que ce projet fût soumis à une plus mûre considération en vue de modifications tendantes à sauvegarder les intérêts de toutes les parties intéressées.

ainsi que la liberté d'action que le Gouvernement doit se réserver dans cette qualité. Les considérations suivantes paraissent mieux atteindre ces buts:—

"Désirant régulariser les finances de notre pays, de façon à relever le crédit de notre Gouvernement dans l'intérêt général, nous avons décrété—

"1. Une Commission Financière sera formée par décrets émanés de nous, laquelle sera composée de personnages de notre Gouvernement, et de quelques-uns des principaux négociants Européens établis à Tunis.

"2. Le Président de la Commission sera notre Ministre des Finances; et le Vice-Président sera nommé d'entre les dits négociants à tour de rôle.

"3. La composition des membres sera réglée par écrit entre nous, et ceux des Représentants étrangers qui sont les plus intéressés à sauvegarder les intérêts de leurs nationaux.

"4. Le service de la Commission aura lieu dans un endroit à Tunis que nous lui assignerons.

"5. La Commission aura pour objet le contrôle de la compatibilité publique, et l'augmentation des revenus, ainsi que la diminution des dépenses annuelles du Gouvernement.

"6. Il est bien entendu qu'aucune augmentation des revenus qui peut toucher les intérêts des sujets étrangers, tels que les droits d'importation, &c., ne pourra avoir lieu sans une entente préalable entre nous et les Représentants étrangers; ce qui est une de nos attributions.

"7. Il sera du devoir de la Commission de former le Budget annuel, et régler le montant des dépenses du Gouvernement, ayant égard aux garanties déjà affectées aux emprunts étrangers et locaux de la Régence.

"8. A cet effet la Commission sera assistée par un Représentant des détenteurs des obligations 1863-1865, afin qu'il puisse surveiller, recevoir, et remettre à qui il appartiendra les fonds provenant des droits sur les oliviers, des douanes, et de l'impôt personnel, qui lui sont spécialement assignés.

"9. Ceux des revenus du Gouvernement que la Commission aura sous son contrôle seront perçus par elle, sans que le Gouvernement puisse les recevoir d'aucune autre façon.

"10. Le Gouvernement ne pourra émettre de *teskérés* d'argent que sur la Commission, et elles ne devront point dépasser le montant que le Budget fixera annuellement pour les besoins du Gouvernement.

"11. Nous émanerons des décrets contenant les règlements du service de cette Commission, prenant ces principes pour base, et les actes de la Commission seront réglés de conformité, car nous en attendons les meilleurs fruits avec l'assistance de Dieu. La Commission fera un règlement intérieur, et continuera ses fonctions jusqu'à la liquidation en capital et intérêts des dettes étrangères et locales, qui est l'objet de sa création; après quoi, le Chef de l'Etat se réserve le droit de la confirmer, modifier, ou annuler."

No. 4.

Lord Stanley to Lord Lyons.

(No. 232.)

My Lord,

Foreign Office, April 8, 1868.

I TRANSMIT to you herewith a copy of a despatch with its inclosures, from Her Majesty's Agent and Consul-General in Tunis.* It relates, as you will perceive, to a proposal made to the Bey by the French Representative, for the formation of a Financial Commission, having for its object to restore order to the finances of the country, which are in a very embarrassed state.

There can be no question as to the object being desirable, whatever there may be as to the means by which the French Agent proposes to accomplish it; and Mr. Wood, as you will see, very justly demurs to a plan which would give to France an exclusive influence in the Commission, while England and Italy, whose subjects are equally, if not more interested than those of France in the matters to be provided for, would not be admitted to take part in it.

Mr. Wood has very properly pointed out to the Bey the injustice of such an arrangement, and the prejudice that would result from it to British and Italian interests; and he has suggested that England and Italy, equally with France, should, through their several merchants, be associated in the Commission with the native authorities.

This proposal seems reasonable; and Her Majesty's Government cannot anticipate

* No. 3.

any objections to it on the part of the French Government; and I have to instruct your Excellency to speak in that sense to M. de Moustier.

You will point out to his Excellency, that in a case so vitally affecting the interests of the subjects of the three Powers, common action is more likely to lead to a beneficial result, than attempts on the part of any of them to establish a separate influence, and to provide for separate interests.

No measures which, while they provided for the claims of the subjects of one nation, left without provision the claims of those of other nations, would be effectual to remedy the disorganization now prevailing in the finances of the Regency, indeed, such partial measures would be more likely to increase than to remove it.

You will, therefore, press M. de Moustier to instruct the French Agent at Tunis to this effect.

The operations of the Commission are doubtless intended to be prospective, and not to set aside existing arrangements under which the Bey has provided in times past for the liquidation of foreign claims.

The Italian Chargé d'Affaires has, by order of his Government, called my attention, in the note of which I inclose a copy, to an arrangement made in the spring of last year for the establishment of a Commission by whose intervention the claims of foreign merchants would be liquidated; and the interests of the principals in which arrangements were to be secured by making over to them permits for the exportation of oil and wool, such permits representing the amount of duties which would otherwise be payable on such exportation. The operation in fact amounting to a setting aside, by anticipation, the Customs revenue on those articles to provide for the reimbursement of the capitalists by whom the money was advanced for the payment of the foreign claims which were to come before the Commission.

This arrangement, if I rightly understand it, would seem to exclude the idea of any retroactive effect on its provisions under the more general arrangement for regulating the financial affairs of the Regency now under discussion.

I have merely acknowledged Count Maffei's note, but I shall send copies of this despatch and of the papers inclosed in it to Her Majesty's Minister at Florence, for communication to the Italian Government; and, while approving Mr. Wood's proceedings as reported in his despatch, I shall inform him of the instructions thus given to your Excellency, and shall further desire him to report on the statements in Count Maffei's letter, and as to the bearing which the proposed Commission may be expected to have on the arrangement to which the Count has called my attention.

I inclose copies of my despatches to Sir Augustus Paget and to Mr. Wood.*

I am, &c.

(Signed) STANLEY.

No. 5.

Lord Stanley to Mr. Wood.

(No. 2.)

Sir,

Foreign Office, April 8, 1868.

I HAVE received your despatch No. 11 of the 28th of March, respecting the Financial Commission which it is proposed to establish at Tunis, and I have to acquaint you that I approve of your proceedings in that matter.

You will learn from the inclosed copy of a despatch which I have addressed to Lord Lyons† the nature of the communication which he is instructed to make to the French Government on the subject.

I inclose also a copy of a note which I have received from the Italian Chargé d'Affaires.‡ It is not quite clear whether the apprehensions expressed in it for the permanence of the arrangement for the liquidation of foreign claims, to which he alludes, originate in the proposed scheme for a Financial Commission; and I should desire to have a report from you on the subject.

The attributes of the new Commission would, *prima facie*, appear to be limited to the future, and not to be intended to have a retroactive effect upon arrangements already in operation for the security of foreign creditors; but till I have more distinct information on this point, I can say no more than that you will be authorized to co-operate with your Italian colleagues in making such provision for the interests of the subjects of your respective countries as you may deem reasonable and just.

* Nos. 3 and 6.

† No. 4.

‡ No. 2.

I need scarcely add that Her Majesty's Government seek only to obtain for British subjects an equal measure of justice with those of other Powers, and that they desire to see the Agents of all Powers acting in common concert in attempting to provide for the common interests of the subjects of their respective nations.

I am, &c.
(Signed) STANLEY.

No. 6.

Lord Stanley to Sir A. Paget.

(No. 54.)

Sir,

Foreign Office, April 8, 1868.

I INCLOSE, for your information, a copy of a note from the Italian Chargé d'Affaires respecting the claims of Italian subjects on the Government of Tunis.* I have merely acknowledged the receipt of this note, but I further inclose for confidential communication to the Italian Government copies of a despatch from Her Majesty's Agent and Consul-General at Tunis, and of two despatches which I have addressed to him and to Lord Lyons respectively,† on the subject of a plan for the establishment of a Financial Commission for regulating the finances of the Regency.

The Italian Government will learn from these papers the view which, as at present advised, Her Majesty's Government take of that plan and of its possible bearing on the special matters to which Count Maffei's communication refers.

I am, &c.
(Signed) STANLEY

No. 7

Mr. Wood to Lord Stanley.—(Received April 10.)

(Telegraphic.)

Tunis, April 5, 1868

REFERRING to my despatch No. 11, another project for formation of Financial Commission is being negotiated by French Consul, composed of two French officials and majority of Frenchmen, excluding England and Italy. The conditions seriously compromise British and other interests in violation of Treaties, and will create future complications between England and Tunis, unless immediately averted by an understanding with France and Italy. The project has been transmitted this day to France for approval. My individual action here is totally insufficient to overcome bad faith.

No. 8

Lord Lyons to Lord Stanley.—(Received April 11.)

(No. 363.)

My Lord,

Paris, April 10, 1868.

IN pursuance of the instruction conveyed to me by your Lordship's despatch No. 232 of the 8th instant, I spoke yesterday to the Marquis de Moustier on the subject of the Financial Commission which it has been proposed to establish at Tunis.

After stating your Lordship's arguments, as nearly as possible in the words of the despatch, I pressed M. de Moustier to send instructions to the French Chargé d'Affaires at Tunis to act in concert with his English and Italian colleagues in this matter, and to take care that English and Italian interests should be as fully represented in the Commission as the interests of Frenchmen.

M. de Moustier began by saying that it was not right to speak of the proposal for a Commission as if it had originated with the French Chargé d'Affaires. It had, he affirmed, been made quite spontaneously by the Bey. Nor would M. de Moustier admit that subjects of Great Britain and Italy were equally, if not more interested, than those of France in the matters to be provided for. On the contrary, he maintained that the

* No. 2.

† Nos. 3, 4, and 5.

great mass of the debts of the Tunisian Government were due exclusively to Frenchmen.

Having made these observations M. de Moustier went on to say that he was anxious in this as in all matters in the East, to act entirely in concert with Her Majesty's Government. He had not yet come to any decision respecting the Bey's proposal, nor, indeed, had he sufficiently considered the details to be able to discuss them with any advantage at the moment. It was, he remarked, of great importance to France that order should be maintained in Tunis which bordered on French possessions. France had, indeed, only to open her mouth to swallow up Tunis whenever she pleased. But this would, he presumed, not be approved by Her Majesty's Government; it would certainly be contrary to the wish and policy of the Government of the Emperor. Algeria was already a drain on the resources of France, and nothing was less desired than an extension of French dominion in Africa. Still, if Tunis fell into a state of anarchy, France might be compelled to interfere, and if the Tunisian Finances were not set in order, such a contingency would be imminent. The proposal of the Bey to make over the administration of the Finances to a Commission appeared to be the most practicable remedy for the existing abuses. The Bey required to be guarded against himself and against his own Ministers. To effect this it was necessary that the Commission should be in great measure independent of him. He had offered to place a French Financial Officer in the Commission. This was, perhaps, more than the French could have asked of him, but the offer having been made spontaneously was not to be lightly rejected. It obviously afforded the most certain means of securing for the Commission the independence so necessary to its usefulness.

I observed to M. de Moustier that it seemed to me that the result would be, that the Commission would be neither Tunisian nor European, but simply French.

M. de Moustier scarcely denied this, but insisted that the French claims were infinitely larger and more important than those of the subjects of any other Power, and that therefore it was natural and proper that a large share of influence in the Commission should be assigned to France. This would not, he said, be any impediment to a fair representation of other interests. He would beg me to assure your Lordship that nothing could be farther from his intention than to give any undue preference to French claims, that his object would be to make an arrangement which would provide with perfect fairness and equity for a settlement of all claims on the Tunisian Government without regard to the nationality of the claimants. He was not ready at the moment to enter upon a discussion of the mode in which this could be best effected. He would beg me to give him time to make himself acquainted with the details, he should perhaps be ready in a week's time to confer with me upon the measures to be adopted.

I asked him whether he authorized me to convey an assurance to your Lordship that he would not settle anything with the Tunisian Government without further consultation with the Government of Her Majesty.

He said that I might undoubtedly give this assurance to your Lordship; but he added, that he must still insist that the French interests involved were incomparably greater than those of any other nation, and must beg me to call your Lordship's attention to this circumstance.

I cannot say that the impression which the conversation has left on my mind is altogether satisfactory.

I have, &c.
(Signed) LYONS

No. 9.

Lord Stanley to Lord Lyons.

(No. 237.)

My Lord,

Foreign Office, April 11, 1868

YOU will not disguise from M. de Moustier that the language which he held to your Excellency respecting financial affairs in Tunis, as reported in your despatch No. 363 of the 10th of April, has disappointed Her Majesty's Government.

Even if on striking an accurate balance, which however there would be no means of doing without a preliminary and detailed inquiry, between English, French, and Italian claims, those of French subjects should appear to preponderate, M. de Moustier must admit that the English and Italian claims are of such an amount as must entitle the claimants to be represented, equally with the French claimants, in any Commission.

to be instituted. The presence of English and Italian delegates would not operate to the prejudice of French claims, but their exclusion at the instance of France could scarcely fail to give rise to the impression that the interests to be promoted by the Commission were not cosmopolitan, but those of French subjects alone.

It matters little whether the idea of the Commission was first started by the Bey or the French Chargé d'Affaires, though if started by the Bey the presumption would be in favour of a more extended commission than that which has been proposed, for Her Majesty's Government are not aware that the Bey has ever sought voluntarily to favour the interests of the subjects of one Power in money matters to the exclusion of those of another.

Her Majesty's Government, you may assure M. de Moustier, are fully as anxious as are the French Government, that order should be maintained in Tunis; but that result is not likely to be promoted if each Power consults its separate interests alone by providing for the claims of its subjects, leaving the claims of the subjects of other Powers as a perpetual burden on the finances of the Regency.

M. de Moustier would seem to recognize this principle when he intimates that the French Government might have felt reluctant to propose that a French financial officer should be placed on the Commission; but Her Majesty's Government can hardly understand why the French Government should take a different view of the inexpediency of such a proceeding merely on the ground that the proposal in question originated with the Bey. In either case the impression produced on other Powers must be the same.

If a foreign element is necessary to the satisfactory working of the Commission, the obvious course would be that each of the three Powers most interested, England, France, and Italy, should be represented in it, not indeed by Government officers, but by Delegates chosen out of the body of the claimants of each nation.

Her Majesty's Government cannot admit with M. de Moustier that the influence which any Power should possess in such a Commission should be commensurate with the proportion its claims bear to those of others. This would imply that a claimant's interest in the payment of his claims is to be estimated by the actual value of his claims, although the smaller claim may represent a large proportion of the means of the claimant, and its rejection or admission involve him in ruin or insure him a competency.

I wish your Excellency to press those considerations more earnestly on the Marquis de Moustier, because, as you will see by the enclosed telegram, dated the 5th,* but received only this morning from Mr. Wood, that the French Consul is pressing for the formation of the Commission in a shape even more objectionable than that in which it was originally presented.

In the meanwhile, I have only to add that Her Majesty's Government accept the assurance given you by M. de Moustier that he will not settle anything with the Tunisian Government without further consulting with that of Her Majesty.

I am, &c.

(Signed) STANLEY.

No. 9a.

Lord Stanley to Mr. Wood.

Foreign Office, April 11, 1868.

(Telegraphic.)

YOUR telegram of the 5th has been received. I am in communication with Lord Lyons on the subject.

No. 10.

Lord Stanley to Sir A. Paget.

Foreign Office, April 11, 1868.

(No. 56.)

Sir,

WITH reference to my despatch No. 54 of the 8th instant, respecting the question of Tunisian finances, I transmit to you, for your information, a copy of a despatch from Lord Lyons upon this subject, and of the answer which I have returned to it.†

I also inclose copies of telegrams to and from Mr. Wood on the same matter.‡

I am, &c.

(Signed) STANLEY.

* No. 7.

† Nos. 8 and 9.

‡ Nos. 7 and 9a.

No. 11.

Mr. Wood to Lord Stanley.—(Received April 15.)

(No. 18)

My Lord,

Tunis, April 8, 1868.

IN continuation of my preceding Report I have the honour to state that I waited this morning upon the Bey to renew my remonstrances against the hasty manner in which it was attempted to bring to a close the negotiations relative to the Mixed Financial Commission, with objects and powers so extensive as to limit his own free action in the administration of the affairs of his country. I stated, amongst other objections, that the Commission, by being placed beyond his control, irresponsible and not dependent upon any known authority, would adopt fiscal measures, establish and levy new imposts, and alter the Customs duties in contravention of Treaty stipulations, for the faithful observance of which, however, His Highness was directly responsible; and I therefore requested, in order to obviate the many serious and embarrassing questions and disputes that would necessarily accrue from such an anomalous state of things, that he would suspend any further negotiation regarding the projected Commission, in order to afford time to the British and Italian Representatives to communicate with their Governments, and obtain instructions for their guidance in a matter touching the eventual abrogation of their Treaty stipulations with the Regency.

I was greatly surprised when His Highness replied with much emotion, that it was not in his power to accede to my reasonable request, notwithstanding that he fully admitted that the haste with which he was acting was discourteous and disrespectful towards Her Majesty's Government, to which he owed many obligations, and in return for which he was now compelled to treat it with apparent want of consideration.

Upon my asking for an explanation, he explained "I am taken by the throat! You know the proceedings of the French Chargé d'Affaires on Friday and Saturday last. The pressure he employed to extort from me, in the interval of a few hours, between the arrival and departure of the mail packet, my decision regarding the project he presented to me as having been received by him from his Government on the former day; and only this very morning (Monday) he has sent a peremptory message to the effect that I should address a letter to the Marquis de Moustier, conveying my approval and acceptance of the very project he has snatched from me, in a few hours under an intolerable pressure, without even allowing time to reflect or to consult those whose interests and Treaty stipulations are compromised by it. Furthermore (but I tell it to you in strict confidence), he has suggested I should complain at the same time to his Excellency against you and the Italian Representative for undue interference in my affairs, thus making it appear that I am solicitous to conclude and sanction a Project, involving ruinous consequences to us all; and insists that I should put him in possession of the letter this very day that he may transmit it to his Government by the Italian mail. You see, the more I yield the more he asks, he will allow no time for reflection, and he even requires me to prefer complaints against my friends for their interposition in defence of their, as well as my menaced, rights. Advise me what to do under circumstances so painful as to render my existence a burden to me."

It was evident from the foregoing proceedings that M. Botmiliau was endeavouring to carry out his object by surprise and intimidation; that he was not in possession of definitive instructions from his Government, and that consequently his acts were personal and unauthorized. I observed, therefore, to the Bey that, as I conceived it impossible that the Government of the Emperor should instruct its Representative to accomplish objects in Tunis, against the accomplishment of which in Paris it had so recently and so energetically remonstrated, or that it should authorize its Representative to force concessions upon His Highness tending avowedly to the eventual abrogation of the Treaty stipulations of Great Britain, and of every other Government with the Regency; that I could not but strongly dissuade him from addressing the letter in question, lest the Marquis de Moustier should be led to believe that His Highness concurred both in the concessions demanded, and in the singular mode adopted for obtaining them by his subordinate, but that at any rate, as it would be a gross dereliction of duty were I to remain indifferent to what was taking place, I must renew the demand I had already twice made officially, that nothing further should be done in a matter involving the violation of the Treaty engagements between Great Britain and Tunis, and that should His Highness, in spite of my remonstrances, continue the negotiation of arrangements tending to this result, I should consider myself justified to look upon it as a formal attempt to abrogate and annul those Treaty stipulations, in

which case it would perhaps necessitate the suspension of my communications with him until such time as I should receive the instructions of Her Majesty's Government, after coming to an understanding with the other friendly Governments on a question of such vital importance to them all, and that His Highness was free to acquaint the parties, who had assumed such an hostile position towards my Government, with the step I was prepared to take in defence of its dignity and rights if compelled to do so, by their perseverance in a line of conduct which, it did not yet appear, was sanctioned by their superiors.

The French Government is fully aware of the unsatisfactory state in which I found the relations between its Representative and the Tunisian Government on my return to my post in the autumn of last year, and it does not perhaps ignore how unremittently and successfully I employed my friendly good offices to bring about a more friendly understanding between them.

In order to render our co-operation more efficacious and harmonious, it was agreed between us that, as the material interests of the foreign residents were the same and of equal importance, we should act in concert for their protection, irrespective of political exigencies, the consideration of which appertained to, and ought to be exclusively left to our respective Governments, which were alone competent to entertain them when over the necessity should arise. How M. Botmiliau has fulfilled his part of our friendly agreement I must leave to your Lordship's appreciation; but it is scarcely necessary for me to state with the utmost respect, that pending your Lordship's instructions, I shall act with the utmost prudence and forbearance.

The Representative of Italy entirely concurs in my views, and has represented the question in the same light to his Government.

I have, &c.
(Signed) RICHARD WOOD.

No. 12.

Mr. Wood to Lord Stanley.—(Received April 15.)

(No. 14.)
My Lord,

Tunis, April 7, 1868.

I HAVE the honour to report that, on the arrival of the mail packet yesterday, the 4th instant, the French Chargé d'Affaires proceeded at once to the palace and submitted an amended project for the formation of a Mixed Financial Commission which he avowed to have received from his Government, with directions to present it to the Bey, to procure his immediate adhesion, and to convey to Paris, by return of the packet, His Highness's decision.

The conditions, however, were of such a nature as to be tantamount, in the opinion of the Bey, to the deprivation of his autonomy; and he, therefore, declined to accept them without the introduction of some modifications to be agreed upon between his Prime Minister and M. Botmiliau. I am unable to state what occurred during the interview further than that His Highness remained in Council with his Ministers until 10 o'clock at night, at which hour I and my Italian colleague received an invitation to call at the palace on the following morning. Our French colleague, having preceded us there, was already with the Minister discussing the modified conditions; and as he peremptorily insisted that the whole matter should be kept a profound secret from us, we were constrained to wait for his departure before we could confer with his Excellency, from whom we learnt what had taken place, and from whom we obtained, in a confidential form, not without some resistance however, copies of the original and modified projects, which I venture to submit herewith inclosed under Nos. 1 and 2.

Although the latter has not yet received the signature of the Bey, yet as it must be considered as having been accepted by him, and only transmitted to Paris for approval, I deemed it my duty to point out all the grave objections to the execution of a project which was neither more or less than the establishment of a French Financial Commission for the Administration of the Revenues of the Regency, disguised in form, but in reality perfectly independent of the Chief of the State, and having for secret object the appropriation of the material securities which had been given and were accepted in good faith by the trustees of the converted floating debt amounting to 35,000,000 francs.

For want of necessary time I must beg for permission to respectfully refer your Lordship to the annexed copy of my letter to the Bey, wherein I develop the grounds upon which rest the very serious objections, in every respect, to the acceptance and

execution of a project so injurious in its ultimate consequences, which tends to change the order of things in the Regency, which involves international questions of the utmost importance, and which aims, by the exclusion of Great Britain from the Commission, to place her on a footing of inferiority in a country where the material interests of thousands of her Maltese subjects are very great and require her efficacious and constant protection.

It is superfluous to state that the objects I had in view in presenting a counter project, namely, that of gaining time for a reference to your Lordship, of preserving inviolate the Bey's autonomy, and of securing for Great Britain equality in every respect, have hitherto failed through pressure, intimidation, and intrigues, which, I regret to say, have yet to be tested by the standard of good faith.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure 1 in No. 12.

Original Project for the Formation of a Financial Commission in Tunis.

SON Altesse le Bey de Tunis décrète:—

Article 1. Une Commission sera instituée à Tunis dans un délai d'un mois.

Art. 2. Cette Commission sera composée de la manière suivante:—

Deux fonctionnaires nommés par le Gouvernement de la Régence;

Deux notables élus par le corps des négociants étrangers à Tunis;

Deux mandataires Français des porteurs d'obligations des emprunts souscrits en 1863 et 1865.

Le premier député de la nation Française,

Un Inspecteur des Finances délégué par le Gouvernement de l'Empereur.

La Présidence honoraire sera confiée à l'un des deux fonctionnaires Tunisiens désignés par le Bey. La Vice-Présidence appartiendra à l'Inspecteur Français des Finances.

Art. 3. La Commission est chargée de constater l'état actuel des diverses créances constituant la dette de la Régence et les ressources à l'aide desquelles le Gouvernement du Bey serait en mesure d'y satisfaire.

Art. 4. Cette Commission ouvrira un registre sur lequel seront inscrites toutes les dettes contractées tant à l'étranger qu'à l'intérieur, et qui consistent en taskérés ou bons du trésor, ainsi qu'en obligations de l'emprunt de 1863 et de celui de 1865.

Pour les dettes qui ne seront pas contrôlables par des contrats publics, les porteurs de titres devront se présenter dans un délai de deux mois.

A cet effet, il sera publié un avis dans les journaux de Tunis et de l'étranger.

Art. 5. En même temps et dès que la Commission aura été instituée, remise sera faite entre ses mains de tous les documents authentiques, registres, éléments de comptabilité quelconque pouvant servir à déterminer avec exactitude les revenus du trésor public, ainsi que les dépenses administratives du Gouvernement de la Régence.

Art. 6. Le Budget des recettes étant ainsi placé en regard de celui des dépenses augmenté du chiffre de la dette, la Commission recherchera le moyen d'établir une répartition équitable des revenus publics, en tenant compte dans une juste proportion de tous les intérêts, et elle dressera un tableau des revenus qui pourraient être affectés spécialement en garantie des créanciers du Bey.

Art. 7. Le Gouvernement s'engage à se conformer aux arrangements arrêtés par la Commission tant en son nom qu'en nom des autres intéressés, et à en faciliter l'exécution par tous les moyens dont il dispose.

Art. 8. Tous les revenus de l'Etat sans exception seront perçus par la Commission, et le Gouvernement du Bey s'interdit toute émission nouvelle de bons du trésor ou valeurs quelconques sans l'assentiment de la Commission et sans entente préalable avec le Gouvernement Français.

Amended Project for the Formation of a Financial Commission in Tunis.

(Translation.)

1. A FINANCIAL Commission shall be formed in Tunis within a month by our Decrees.

2. The said Commission shall be composed of two Government officers, of two of the principal merchants established at Tunis, who shall be chosen by the Corporation of foreign merchants at Tunis, of two Frenchmen, acting for the bondholders of the loan of 1863 and of that of 1865, of the French Deputy at Tunis, as well as of a person skilled in financial administration, whom we shall ask from the French Government. The Presidency of the said Commission shall belong to the Tunisian officer, and the Vice-President shall be the said skilled person.

3. It shall be the duty of the said Commission to take into consideration the situation of the Tunisian debts and of the revenues out of which the Government is able to satisfy the said debts.

4. The Commission shall form a register for inscribing therein all the Government debts contracted in the Regency and abroad, consisting of the *teskerés* in circulation and of the bonds of the loans of 1863 and 1865. But with regard to the remainder of the debts, that have not been determined by contracts, the holders thereof shall be obliged to submit them to the Commission within two months, of which notice shall be given to them through the newspapers.

5. Whenever the said Commission shall ask from the Ministry of Finance the communication of abstracts of sums received, as well as that of abstracts of the various expenses, the said Ministry shall furnish it with such abstracts.

6. When the Government's revenue shall have been determined, as well as the expenses, with the addition of the whole amount of the debts, the said Commission shall by so means for dividing the revenues in an equitable way, taking into consideration the rights of all parties, and shall determine the guarantees which can be conveniently affected in favour of the Government debts.

7. As the service of this Commission is specially relative to the debts, the said Commission shall have no interference in financial affairs, nor in the internal administration, and its attention shall be only directed to what may be advantageous to the debts. Whenever they shall determine upon what may be of advantage to the debts, the Government shall give effect to what may appear advantageous to the finance, and shall put it into execution, through its own intermediaries.

8. The said Commission shall receive all the revenues of the Government without exception. The Government shall not issue *teskerés*, nor new bonds, without coming to an agreement with the Commission. Should the necessity occur, for whatever cause, to contract a considerable loan in France, the Tunisian Government shall inform the French Government of its determination; but if there shall be no necessity for a considerable loan, the Commission shall determine the sums that shall be considered necessary, and all the *teskerés* that shall be issued for the sums determined by the Commission in favour of the Government shall be drawn upon the Commission, who shall put down their acceptance, and they shall not exceed the amount fixed in favour of the Government.

12 Hoggia, 1284 (April 4, 1868).

Mr. Wood to the Bey of Tunis

Alt use,

Tunis, le 7 Avril, 1868

LE Gouvernement du Bey n'a jamais contesté que la nation Anglaise a le droit de jouir dans la Régence de Tunis de tous les droits et privilèges accordés aux nations les plus favorisées. Tout en maintenant les droits qui sont acquis par les Traités existant de temps immémorial au Gouvernement de Sa Majesté Britannique, son Représentant a invariablement tâché de concilier l'exercice de ses fonctions avec la position exceptionnelle de la Cour à laquelle il est accrédité, ainsi qu'avec le *status quo* politique que le Gouvernement de Sa Majesté, ainsi que celui de l'Empereur, a constamment eu à cœur de maintenir dans la Régence.

Le Gouvernement du Bey ne peut que lui rendre justice à cet égard; mais il ne doit

pas se méprendre, ni croire qu'il lui serait permis de passer outre, si le Gouvernement Tunisien voulait adopter des mesures qui pussent de la moindre manière porter atteinte soit à la dignité de son Gouvernement, soit aux intérêts de ses nationaux, ou qui impliquât un changement quelconque dans les relations de la Régence avec l'étranger.

Or, les clauses contenues dans le Projet formé pour la création d'une Commission Financière sont incompatibles avec les égards que le Gouvernement Tunisien doit à l'Angleterre, soit comme Puissance amie, soit comme nation qui a des intérêts matériels de la plus haute importance dans la Régence.

D'abord, dans les arrangements proposés, elle est totalement exclue des Conseils de la Commission; la Commission devrait être composée de deux membres Tunisiens, de deux Délégués des porteurs des obligations 1863-1865, du Député de la nation Française à Tunis, d'un fonctionnaire public Français expert en finances, qui en serait le Vice-Président, ainsi que de deux individus que les négociants étrangers établis à Tunis auraient le droit de déléguer.

C'est ainsi que dans une Commission qui aurait à débattre des questions vitales pour les intérêts des sujets Anglais établis dans la Régence, ils seraient exclus de toute participation dans ses décisions. Car les négociants étrangers pourraient bien nommer des personnes appartenant à toute autre nationalité.

2. La Commission aurait pour objet ostensible l'administration des revenus de la Régence, l'établissement d'un Budget, le contrôle des dépenses du Gouvernement, ainsi que l'unification des dettes de la Régence. Cette mission implique l'annulation des contrats stipulés pour la conversion de la dette flottante, ainsi que l'appropriation des garanties matérielles données par le Gouvernement en faveur de cette conversion, et l'amalgamation de ces mêmes garanties avec celles affectées aux dettes extérieures, dans le but d'en augmenter le montant, et le répartir en faveur de tous les créanciers du Gouvernement.

Les pouvoirs qu'on voudrait attribuer à la Commission par cette clause seraient d'un caractère si arbitraire, et si peu conforme à la bonne foi que le Gouvernement Tunisien doit nécessairement observer envers tous ses créanciers, qu'il ne serait pas au pouvoir du Représentant de la Grande Bretagne d'y donner son adhésion. Il a des devoirs envers ses administrés, qu'il ne pourrait pas abandonner au bon vouloir d'une Commission qui accepterait un mandat pareil.

3. La Commission recevrait tous les revenus du Gouvernement, sans exception; et aurait à donner sa sanction dans le cas où le Gouvernement se vît dans la nécessité d'émettre des nouvelles obligations à l'avenir. Indépendamment du fait que le Gouvernement ne peut plus disposer des revenus qu'il a affectés à ses différents emprunts, cette clause implique une ingérence bien autrement directe dans l'administration intérieure de la Régence; elle confère à la Commission des pouvoirs qui la mettraient directement en relation avec tous les comptables du Gouvernement, et avec tous les contribuables. Et il est aisé de prévoir toutes les difficultés qu'elle rencontrerait, et les questions sans nombre qui devront nécessairement naître entre le Gouvernement Tunisien et la Commission, qui, dans l'exercice de ses fonctions, devra à tout moment recourir à des mesures de composition incompatibles quelquefois avec le ménagement qu'un Gouvernement doit observer envers ses dignitaires et ses employés.

4. La Commission créerait un grand livre de la dette publique, et forcerait tous les porteurs d'obligations à s'y inscrire dans le délai de deux mois.

L'exécution compulsive de cette mesure est en dehors des usages de tout Gouvernement régulier. En sa qualité de débiteur le Gouvernement Tunisien ne peut pas s'arroger le droit d'annuler, soit de son propre chef, soit par l'entremise d'une Commission, les stipulations qu'il a souscrites envers ses créanciers. Le Gouvernement Tunisien n'est pas libre d'émettre des décrets qui puissent enfreindre de la moindre manière les conditions qu'il a lui-même proposées à ses créanciers, et que ceux-ci ont accepté en bonne foi. Il n'aurait pas des moyens légaux de leur arracher les garanties matérielles qu'il leur a données, et le Représentant de la Grande Bretagne ne pense pas que le Gouvernement Tunisien veuille recourir à des moyens qui ne le soient pas; mais cette clause est par elle-même tellement illégale qu'il est du devoir du Représentant de l'Angleterre de résister de la manière la plus formelle à toute tentative tendant à la mettre en exécution. Les intérêts Anglais qui en seraient compromis sont si graves que ses administrés obtiendraient sans doute une protection égale à celle que le Gouvernement de l'Empereur a eue de son devoir d'accorder aux porteurs Parisiens des obligations Tunisiennes, et qui a eu pour effet l'annulation immédiate de décrets que le Bey avait émis à cet égard.

Les principes qui devraient guider les actes de la Commission étant ainsi clairement posés, le Gouvernement du Bey doit convenir que le Représentant de la Grande Bretagne ne saurait y concourir sans compromettre gravement la dignité de son Gouvernement, dont

il doit réserver l'action dans une question où, d'ailleurs, ce Représentant n'agit que d'après l'opinion et les principes établis par le Gouvernement Français lui-même, aussi bien à l'égard de la protection qu'il a accordée à ses sujets qu'à l'égard de la position exceptionnelle qu'on voudrait donner aux fonctionnaires officielles qui devraient être membres de la Commission.

La présence de deux fonctionnaires publics étrangers dans les Conseils Administratifs de la Régence est contraire aux principes que le Gouvernement de l'Empereur a lui-même avancés dans une circonstance analogue. En 1858 en effet le Consul d'Angleterre fut proposé pour être membre d'un Conseil Administratif d'une banque Anglo-Tunisienne; et voici les termes dans lesquels ce Gouvernement s'est exprimé à cet égard:—

"On ne saurait demeurer indifférent à des éventualités de cette nature, aussi bien dans l'intérêt du commerce étranger que pour le maintien de l'état des choses existant à Tunis, et que le Gouvernement de Sa Majesté Britannique désire, comme celui de l'Empereur, préserver de toute perturbation. D'autre part la situation exceptionnelle créée au Conseil Général d'Angleterre, dans une affaire qui touche de si près la situation intérieure du pays et du commerce étranger, semble au Gouvernement de l'Empereur devoir donner lieu à une immixtion irrégulière, et établir entre l'Administration Tunisienne et le Consul-Général d'Angleterre des rapports de supériorité offrant les plus graves inconvénients;" et il a ajouté:—"Le Bey, qui est lui-même tout le Gouvernement, devient justiciable du Consul, et ce résultat est non seulement incompatible avec la dignité de l'autorité, il est également avec les garanties d'impartialité que l'autorité locale doit assurer à tous les négociants étrangers indistinctement."

Les objections avancées en termes aussi explicites par le Gouvernement de l'Empereur sont parfaitement applicables à la nomination de deux officiers publics comme membres d'une Commission qui doit statuer sur des questions bien autrement importantes que les relations qui pouvaient s'établir entre la banque et le Gouvernement Tunisien. Evidemment donc le Gouvernement Tunisien n'a pas le droit d'entrer dans aucun arrangement tendant à former une Commission qui aurait la faculté de s'ingérer dans les affaires des Anglais résidents dans la Régence, sans le consentement et la participation du Gouvernement de Sa Majesté Britannique, et son Représentant ne peut que recommander au Gouvernement du Bey de bien réfléchir avant d'adopter aucune mesure calculée à mettre la Grande Bretagne sur un pied d'infériorité dans la Régence, ou à lésor les intérêts de ses sujets.

Le Gouvernement de Tunis ainsi que celui de l'Empereur ont toujours eu à cœur de maintenir le *status quo* politique de la Régence sans causer perturbation, et le Représentant de la Grande Bretagne ne peut que protester contre tout projet qui eût pour but d'enfreindre des principes qui ont jusqu'à ce moment réglé les relations du Gouvernement Tunisien avec ceux de l'Europe; ainsi contre tout acte qui ne maintiendrait pas intacts les droits, immunités et privilèges que les Traités et les stipulations existantes assurent à la nation; il ne peut qu'exhorter le Gouvernement Tunisien à suspendre sa décision, jusqu'à ce que le Gouvernement de Sa Majesté soit mis en mesure d'adopter, en commun avec les autres Gouvernements amis, telles résolutions qu'ils croiront dans leur sagesse devoir prendre afin de garantir à tous une égale jouissance des droits incontestables qu'ils possèdent dans la Régence de Tunis, tout en évitant d'introduire des innovations qui pourraient altérer l'état des choses actuellement existant.

Le Gouvernement Tunisien pourra faire de cette communication tel usage qu'il croira convenable.

(Signed) RICHARD WOOD

No. 18.

Lord Stanley to Mr. Wood.

No. 4.)
Sir,

Foreign Office, April 16, 1868

I HAVE received your despatches Nos. 13 and 14 of the 6th and 7th instant reporting your conversation with the Bey upon the subject of the proposed Mixed Financial Commission, and the proceedings of the French Chargé d'Affaires at Tunis; and I have to acquaint you that I approve the language which you hold on that occasion and of your conduct generally as reported in those despatches.

I am, &c.
(Signed) STANLEY.

No. 14.

Sir A. Paget to Lord Stanley.—(Received April 17.)

(No. 118.)
My Lord,

Florence, April 13, 1868.

I HAVE the honour to acknowledge the receipt, by post yesterday morning, of your Lordship's despatch No. 54 of the 8th instant, inclosing a copy of a note from the Italian Chargé d'Affaires, and of despatches from and to Her Majesty's Agent and Consul-General at Tunis, and to Lord Lyons, relative to the financial affairs of Tunis; and, in compliance with your Lordship's instructions, I have this day communicated confidentially to Count Menabrea copies of this correspondence in the note of which a copy is inclosed herewith.

I have, &c.
(Signed) A. PAGET

Inclosure in No. 14.

Sir A. Paget to Count Menabrea.

(Confidential)
M. le Ministre,

Florence, April 13, 1868

YOUR Excellency is probably in possession of a copy of a note which the Italian Chargé d'Affaires in London has addressed to Her Majesty's Principal Secretary of State for Foreign Affairs respecting the claims of Italian subjects on the Government of Tunis. Lord Stanley has merely acknowledged the receipt of this note, but his Lordship has inclosed to me for confidential communication to your Excellency, copies of a despatch from Her Majesty's Agent and Consul-General at Tunis, and of two despatches which he has addressed to him and to Lord Lyons respectively, on the subject of a plan for the establishment of a Financial Commission for regulating the finances of the Regency.

The Italian Government will learn from these papers the view which, as at present advised, Her Majesty's Government take of that plan and of its possible bearing on the special matter to which Count Maffei's communication refers.

I have, &c.
(Signed) A. PAGET

No. 15.

Lord Lyons to Lord Stanley.—(Received April 18.)

(No. 885.)
My Lord,

Paris, April 17, 1868.

I SPOKE yesterday very seriously to the Marquis de Moustier in the sense of your Lordship's despatch No. 237 of the 11th instant, respecting Financial Affairs at Tunis. I made use also of the further information concerning these affairs contained in the Reports from Mr. Wood which your Lordship did me the honour to transmit to me with your despatch No. 246 of the day before yesterday.

M. de Moustier said that he had already instructed the Prince de la Tour d'Auvergne to assure your Lordship that there was no reason that Her Majesty's Government should feel the slightest uneasiness on account of the proposed Commission for the regulation of the Tunisian Finances. He added that he was preparing a detailed statement of his views, to be communicated to your Lordship by the Prince; that, in the meantime, he would only beg you not to take any step which would interfere with the French position at Tunis.

I observed that it would be difficult for Her Majesty's Government to view without uneasiness a proposal to place the Finances of Tunis entirely in the hands of a foreign Government. A new plan had, I understood, been pressed upon the Bey, which provided for a Commission composed of two Tunisians, two merchants elected by the French and Mercantile Community; two Frenchmen acting for the bondholders of 1863 and 1865; the French Deputy at Tunis, and a French financial officer, deputed by the French Government who was to be the Vice-President. No one at all acquainted with the course which affairs take in Oriental States could doubt that the result of such a Commission would be to place the Finances of Tunis under the exclusive control of the Government of France. I would, with M. de Moustier's permission, read to him observations made by the French Government in 1858, on a proposal merely that the

British Consul General at Tunis should be a member of the Board of Directors of an Anglo-Tunisian Bank.

I proceeded to read the following passage, which Mr. Wood cites as containing the terms in which the French Government expressed its views respecting this proposal:—

"On ne saurait demeurer indifférent à des éventualités de cette nature, aussi bien dans l'intérêt du commerce étranger que pour le maintien de l'état de choses existant à Tunis, et que le Gouvernement de Sa Majesté Britannique désire, comme celui de l'Empereur, préserver de toute perturbation. D'autre part la situation exceptionnelle créée au Consul-Général d'Angleterre dans une affaire qui touche de si près à la situation intérieure du pays et du commerce étranger semble au Gouvernement de l'Empereur devoir donner lieu à une immixtion irrégulière et établir entre l'Administration Tunisienne et le Consul-Général d'Angleterre des rapports de sujétion offrant les plus graves inconvénients. Le Bey, qui est lui-même tout le Gouvernement, devient justiciable du Consul, et ce résultat est non seulement incompatible avec la dignité de l'autorité, il l'est également avec les garanties d'impartialité que l'autorité locale doit assurer à tous les négociants étrangers indistinctement."

M. de Moustier sought to establish a distinction between a Consul-General acting in all points under the direction of his Government and a financial officer deputed by a foreign Government at the request of the Bey to assist him in the administration of his finances. He said that the officer, for whom the Bey asked the French Government, would not remain under the direct control of his official superiors in France. They would simply have the power of recalling him, if they had reason to be dissatisfied with his general conduct.

M. de Moustier went on to say that it was at all events premature to enter into a discussion of such details as I had mentioned respecting the composition of the Commission and its functions. He denied that any plea had been pressed by the French Chargé d'Affaires on the acceptance of the Bey. He affirmed, on the contrary, that the Tunisian finances having fallen into an inextricable confusion, the Bey had of his own accord had recourse to France. His Highness had at first endeavoured to raise money in France without asking for the countenance of the Government. He had been deceived by adventurers, and the attempt had signally failed. He now supplicated the help of the French Government. Despairing of settling his affairs himself, he had spontaneously signed a Decree instituting the Commission, which had so unnecessarily disquieted the British Consul General. In answer to an observation from me, M. de Moustier insisted that he had had to deal not with a mere "projet" arranged by the Bey and the French Chargé d'Affaires, but with a Decree already signed, and offered spontaneously by His Highness. What, M. de Moustier proceeded to ask, was he, as organ of the Emperor's Government, to do under the circumstances? The finances of Tunis were like a house on fire. Was he to allow the conflagration to go on, while he was discussing the exact amount of interest which a variety of claimants might have in the house? Was it not for the general advantage that he should put the fire out first, and then settle deliberately and justly what should be done with the property saved? In fact, the Bey had offered him a pledge, and he had at once laid his hand on it. He had not done this with the smallest intention of giving an undue preference to French claims. His desire was to provide for a perfectly fair and impartial consideration of all the interests concerned. He was anxious to concert measures with Her Majesty's Government for this purpose. All he asked was that Her Majesty's Government should dismiss all feelings of alarm and distrust; that they should instruct their Representative at Tunis not to place himself in opposition to his French colleague in the matter; and that they should themselves settle it with the Government of the Emperor.

I confessed to M. de Moustier that I did not think that the communication which he had thus made to me would suffice to remove the doubts of Her Majesty's Government. The principal fact which I should (it seemed) have to report to them was that it was no longer with a mere "projet" we had to deal, but with a Decree actually signed by the Bey and accepted by the French Government. When, I asked, would the despatch stating his views in detail be communicated to Her Majesty's Government?

M. de Moustier answered that it would be ready in a day or two; that he would write it as soon as he had an hour at his disposal.

A discussion of some length ensued, which ended in M. de Moustier distinctly authorizing me to assure your Lordship at once, that not only the "attributions" but the composition also of the Commission should be discussed with Her Majesty's Government. He could not, he said, consent to the affairs being treated with the Bey

or at Tunis; but he was ready and anxious to confer upon it directly with Her Majesty's Government. He desired to act in concert with them, and felt sure that he should have no difficulty in coming to an agreement with them on an arrangement advantageous to all parties. He must beg, however, that Her Majesty's Agent at Tunis might be instructed not to create embarrassment and confusion by treating the matter with the Bey's Government, and not to place himself in antagonism to his French colleague.

After I had left M. de Moustier, the Chevalier Nigra, the Italian Minister, had an interview with him, and made, by order of his Government, a representation on the subject of the proposed financial arrangements at Tunis.

From the account M. Nigra has given me to-day of the interview, it appears that M. de Moustier held in general to him the same language as to me, and assured him in particular that he considered the whole matter of the Commission as one still to be discussed with the Governments of Italy and Great Britain. M. de Moustier appears to have insisted as strongly with M. Nigra as he did with me, on the determination of the French Government to confine the discussion to the European Governments interested, and not to consent to its being treated at Tunis.

I understand that a scheme for the conversion of the Tunisian debt is to be brought out next week by some of the principal capitalists here, under the avowed patronage of the Imperial Government. To what extent the new Financial Commission may be used to inspire confidence in this scheme, and may thus be made to assume more and more the aspect of an arrangement definitively settled, I am unable to say.

I have, &c.
(Signed) LYONS.

No. 16.

Sir A. Paget to Lord Stanley.—(Received April 20.)

(No. 120.)

My Lord,

Florence, April 15, 1868.

WITH reference to my despatch No. 118 of the 13th instant, I have the honour to report that I called on Count Menabrea this morning in order to speak with him on the subject of the correspondence which I had confidentially communicated to his Excellency by your Lordship's instructions respecting the financial affairs of Tunis. I took with me your Lordship's despatch No. 56 of the 11th instant, for the purpose of making his Excellency acquainted with the substance of the conversation which had passed between Her Majesty's Ambassador at Paris and M. de Moustier on this subject, as well as the reply which your Lordship had addressed thereupon to Lord Lyons.

As Count Menabrea was not at the Ministry, I saw the Secretary-General of the Foreign Department. He informed me that the Italian Government fully approved the project of a Commission as proposed by Mr. Wood for the settlement of these affairs; and that instructions had been sent to M. Nigra to act entirely in concert with Lord Lyons.

With reference to Mr. Wood's telegram of the 5th instant, M. Barbolani informed me that the Consul-General also reported upon the inefficiency of his efforts to counteract the effect of the proceedings of the French Chargé d'Affaires.

I have, &c.
(Signed) A. PAGET

No. 17.

Lord Stanley to Lord Lyons.

(No. 257)

My Lord,

Foreign Office, April 20, 1868.

I HAVE received your despatch No. 383 of the 17th instant. I regret that I cannot authorise you to state to M. de Moustier that the explanation which he has given to you, as reported in that despatch, is sufficient to remove the objections entertained by Her Majesty's Government as to what is passing at Tunis, under the auspices of the French Agent in regard to the financial affairs of the Regency, and I confess I am at a loss to reconcile the urgency with which M. de Moustier presses for the transfer to Tunis

of the discussions on the subject, with the no less urgency with which his Excellency presses for instructions to Her Majesty's Representative in Tunis not to place himself in opposition to his French colleague.

It is not quite obvious how, if the discussion is to be carried on at Paris, the French Consul-General at Tunis can take any action in the matter which should call for the assistance of his English colleague, but if M. de Moustier means that while Mr Wood's hands are to be tied up by his Government, the French Agent is to be left unfettered to exert whatever pressure he thinks proper on the Bey and his Government, Her Majesty's Government cannot subscribe to any such one-sided engagement, or prohibit Her Majesty's Agent from endeavouring to dissuade the Bey from adopting any course which would be calculated to give an undue preference to creditors of one nationality over those of another.

Although as the Bey is the party most concerned in any arrangement for putting the financial affairs of the Regency in order, the natural course would be to discuss all questions relating to them at Tunis yet Her Majesty's Government do not object for their part to concert at Paris with the French Government and with the Italian Government as to the precise proposal which should be made to the Bey, and thereupon to instruct Her Majesty's Agent at Tunis to co-operate with his French and Italian colleagues in recommending it to the acceptance of the Bey.

Her Majesty's Government, however, cannot but make their acquiescence in such an arrangement involving, as it would, the temporary cessation of interference on the part of Her Majesty's Agent, subject to the condition that the French Agent should be enjoined also to cease from discussing the question with the Bey, and to confine himself to making known to the Bey that the three Governments when they have come to an agreement among themselves, will lose no time in submitting jointly to the Bey, through their Agents, the result of their deliberations.

If your Excellency should be satisfied with M. de Moustier's assurances in this respect, you might desire Mr. Wood to abstain from further interference until he receives fresh instructions, and so long as the same abstinence is shared by his French colleague.

I am, &c
(Signed) STANLEY.

No. 18

Lord Lyons to Lord Stanley.—(Received April 20.)

(No. 388.)
My Lord,

WITH reference to your Lordship's despatches No. 232 of the 8th instant, No. 237 of the 11th instant, and No. 246 of the 15th instant, as well as to my despatches No. 363 of the 10th instant, and No. 388 of the 17th instant respecting the financial affairs of Tunis, I have the honour to transmit to your Lordship an extract from the "Journal Financier" of the 22nd ultimo containing copies of two letters written by the Marquis de Moustier in answer to petitions from French holders of Tunisian bonds.

I have, &c
(Signed) LYONS.

Inclosure in No. 18

Extract from the "Journal Financier" of March 22, 1868.

Monsieur,

J'AI reçu les pétitions que vous m'avez transmises et dans lesquelles un nombre considérable de porteurs d'obligations Tunisiennes sollicitent l'appui de mon Département en faveur de leurs intérêts compromis par les combinaisons financières adoptées à Tunis. Le Gouvernement de l'Empereur n'a pas attendu ces réclamations pour se préoccuper des mesures récemment prises par le Bey, et le Consul-Général de Sa Majesté à Tunis a été officiellement chargé de protester contre ces arrangements.

Le Gouvernement ne perdra pas de vue les intérêts des souscripteurs Français engagés dans les opérations financières de la Régence.

A M. L. Roussel,
Rédacteur en chef du "Journal Financier."

Recevez, &c
(Signé) MOUSTIER.

La "Semaine Financière," qui avait bien voulu associer ses efforts à ceux du "Journal Financier" en adoptant la pétition émanée de ce dernier, ayant adressé de son côté et quelques jours avant nous au Ministre des Affaires Étrangères l'exemplaire de cette pétition sur lequel elle avait recueilli les signatures dans ses bureaux, avait reçu de M. le Ministre la réponse suivante

"Monsieur,

"Paris, le 18 Mars, 1868.

"J'ai reçu la lettre par laquelle vous m'adressez une pétition de porteurs d'obligations Tunisiennes qui désirent obtenir du Gouvernement Français la protection de leurs intérêts compromis par les dernières opérations financières du Bey de Tunis. Depuis longtemps, le Gouvernement de l'Empereur se préoccupe de la situation déplorable où la Tunisie se trouve plongée par le fait d'une administration qui mérite d'être très-sévèrement jugée. C'est en vain qu'il a cherché par des représentations réitérées à faire rendre justice aux créanciers Français de toute nature. Les choses en sont arrivées à ce point que les coupons de la dette Tunisienne, placée presque exclusivement en France, n'ont pas été payés.

"Le Gouvernement de l'Empereur, qui, dans les pays de l'Orient, a des devoirs et des droits tout spéciaux pour la protection des intérêts nationaux, a cru qu'il lui appartenait, d'une part, empêcher toute nouvelle opération sur le marché Français, en tant qu'il n'aurait pas été à même de la contrôler, et de l'autre, d'obtenir par l'établissement d'une Commission Financière ou par d'autres moyens qui pourraient être reconnus plus efficaces des garanties sérieuses pour les créanciers de la Régence.

"C'est sur ces entrefaites que le Bey a lancé des décrets chargeant une Société Financière d'opérer une prétendue conversion des titres anciens de sa dette.

"Le temps ne nous a pas encore permis de démêler complètement les fils d'une négociation conduite avec un mystère qui suffirait seul à inspirer la plus légitime défiance. Le peu que nous en connaissons nous permet, dès à présent, de penser que cette opération est de nature à compromettre tous les intérêts qu'elle semble avoir pour but de sauvegarder.

"Le Gouvernement Français a donc fait demander officiellement au Bey de Tunis de rapporter ses décrets, et lui a déclaré qu'il les considérerait comme sans valeur et s'opposerait par les moyens dont il dispose à toute opération financière tentée sur la place de Paris et qu'il n'aurait pas été mis en mesure de contrôler, afin de préserver les capitaux Français de nouvelles déceptions.

"J'espère, Monsieur, que ces renseignements rempliront complètement l'objet que vous aviez en vue en vous adressant à moi.

"Recevez, &c
(Signé) "MOUSTIER."

D'après ce qui précède, on peut apprécier combien était opportune l'initiative prise par le "Journal Financier" en rédigeant la pétition qui a obtenu du Ministre des Affaires Étrangères les réponses que l'on vient de lire.

Les souscripteurs aux emprunts Tunisiens ont demandé la protection du Gouvernement de l'Empereur contre des tentatives audacieuses de spoliation. Cette protection, on le voit, ne leur fait pas défaut.

Nous vous suivons la voie légale, la voie du pétitionnement, et cette manière d'agir n'a pas été infructueuse, l'événement l'a prouvé.

Nous remercions, au nom des intéressés, ceux de nos confrères qui n'ont pas hésité à nous secourir dans nos efforts pour faire rendre justice aux porteurs d'obligations Tunisiennes.

Nous croyons pouvoir annoncer qu'à l'heure où nous écrivons, les décrets du Bey de Tunis ont été retirés, les annonces qui se retrouvent encore dans quelques journaux, comme un écho prolongé d'une tentative avortée, n'ont donc plus ni sens ni portée.

(Signé) L. ROUSSET

No. 19.

Sir A. Paget to Lord Stanley.—(Received April 21.)

(No. 122.)

My Lord,

Florence, April 17, 1868

WITH reference to my despatches Nos. 118 and 120 of the 13th and 15th instant, I have now the honour to inclose a translation of a letter which I have received from

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Count Menabrea, in reply to the papers which I communicated to his Excellency in my confidential note of the 13th instant, relative to the financial affairs of Tunis.

Your Lordship will see that the Italian Consul-General in Tunis has been desired to declare to the Government of the Bey that the Italian Government will never acknowledge the authority of a Commission named without their consent and concurrence; and that the Italian Minister in Paris has been instructed to concert with Her Majesty's Ambassador, in order to prevent the French Government from coming to a decision on that subject which would be contrary to the interests of England and Italy.

I have, &c.
(Signed) A. PAGET.

Inclosure in No. 19.

Count Menabrea to Sir A. Paget.

(Translation.)

Sir,

Flora, April 16, 1868.

I TENDER you my best thanks for the communication which you have made to me of the correspondence which has passed between the Foreign Office, Her Majesty's Ambassador at Paris, and the British Consul-General at Tunis, with reference to the question of the ascent which the Government of Tunis seemed disposed to give to the project of assembling a Council or Financial Commission, which would have the direction of all matters concerning the finances of the Regency, inclusive of those upon which positive agreements have already been made by the Government with foreign merchants.

With respect to this project there arise two very distinct considerations, to which Mr. Wood has very opportunely drawn the attention of his Government.

The first is, that if the project of assembling the Financial Commission were effected in the manner suggested by the Agent and Consul-General of France at Tunis, an authority would be constituted in the Regency superior to that which would nominally retain the sovereignty and the responsibility of Governmental acts, and this authority would be created by a Council composed of a preponderating French majority, and under the Presidency of a French Delegate of the Imperial Government.

The second consideration is, that a right would be asserted to call in question before the said Commission claims already defined and formally acknowledged by contracts duly stipulated by the Government of the Bey with several Italian and British subjects, or, at any rate, to dispose otherwise of those branches of the public revenue which were allotted as guarantees for the payment of such claims.

It is true that the financial state of the Regency of Tunis requires that the Governments which have considerable commercial interests there should come to some agreement for their protection, but if exceptional measures are indispensable, it appears to us that they ought to be proposed to the Government of the Bey by the Cabinets of Italy, Great Britain, and France collectively, and that in no case can they bar the effects of regular and anterior contracts, from which originate incontestable rights of Italian and British subjects settled in the dominions of the Regency.

The Consul-General of Italy at Tunis has communicated to us a project presented by Mr. Wood to the Bey, which substituted, in the place of the purely French Commission, a Council, in which the powers and all commercial interests would have been equally represented. We regret to see that the Government of the Bey has not received more favourably such a wise course, which might have formed the basis of a satisfactory agreement between all the Powers.

In the present state of things, having learnt that the French Agent at Tunis is using all his influence to obtain the acceptance by the Bey of the project for the creation of this Commission of French Members, we have given precise instructions to the King's Agent and Consul-General in Tunis to declare to the Government of the Bey that we shall never acknowledge the authority of a Commission named without our consent and concurrence, and we have at the same time invited His Majesty's Minister at Paris to act in concert with Her Britannic Majesty's Ambassador in taking the necessary steps to prevent the French Government from coming to a decision on this subject which would be contrary to the political and commercial interests of Italy and England in this matter.

Accept, &c.
(Signed) MENABREA.

Mr. Wood to Lord Stanley.—(Received April 22.)

(No. 15.)

My Lord,

Tunis, April 11, 1868.

WITH reference to my reports Nos. 13 and 14, relative to the proceedings of the French Chargé d'Affaires with regard to the projected Financial Commission, I have the honour to inclose herewith a copy of Mr. Chief Interpreter Santillan's letter reporting his conversation with the Prime Minister, who desired him to acquaint me that M. Botmihau had endeavoured, in an interview with the Bey, to persuade him that he need not apprehend any difficulty arising between Her Majesty's Government and His Highness on the Commission, but that having failed in his object, M. Botmihau had finally yielded to the request of the Bey that nothing further should be done in the matter until Her Majesty's Government and that of Italy should have come to friendly understanding with the Cabinet of the Tuilerie on a question connected with their interests.

The attitude that I was compelled to assume, has been, therefore, successful, and time has been obtained for the action of Her Majesty's Government. It has had, likewise, the effect of inducing the French Chargé d'Affaires to employ a more moderate and conciliatory language, and as a copy of the letter which I have addressed to the Bey, and which I have ventured to submit to your Lordship in my preceding despatch, has been communicated to him by his Highness, there is reason to believe that he will see the necessity of waiting for fresh instructions from his Government before he resumed his precipitate manner of conducting so important an affair.

Some idea may be formed of the advantages, both material and political, which M. Botmihau hopes to derive from the successful execution of his project by his proposal even at this early stage of the negotiation, that the Tunisian Government should give the concession of the forests and mines of Tabarea to a French company which would engage to pay, in a lump, 10,000,000 francs as a royalty, to enable it to discharge a part of its liabilities to its French creditors.

This proposal is not a new one, it was made about eighteen months ago but, as a condition was attached to it that 2,000 French troops should occupy the district for the protection of the French workmen, it was rejected. The forests and mines of Tabarea are on the borders of Algiers from La Calan towards the Port of Bizaria, and the secret object, therefore, in view is less a concession to a Company than the progressive occupation of a district in the direction and vicinity of the last-mentioned port. It is impossible to come to any other conclusion; for, however valuable the forests and mines may be, equally valuable ones exist within the Algerian borders, open to French capital and enterprise, without the same risk, however, of molestation in the part of the wild and insubordinate Arab mountaineers.

Another of the plans of the French Chargé d'Affaires is to induce French capitalists to advance 35,000,000 francs to the Tunisian Government to pay its converted floating debt, and to transfer to them the material guarantees which have been given to the Trustees of the conversions. Pursuant to this plan the whole of the foreign and local loans, amounting to about 130,000,000 francs, would be insured and held by French bondholders; and as it is proposed that the Financial Commission should receive all the revenues for the payment and liquidation of the public debt, it follows that, with the exception of the small sum it would fix for the annual expenditure of the Government, the gross amount of the revenues of the Regency would be received by it for account of the bondholders of Paris.

Were this plan to be successfully carried out, it would be tantamount to the appropriation, in anticipation of future eventualities, of the public revenue to enrich French capitalists. Its political bearing, however, is too palpable to require comment.

With the exception of the French residents, who already boast that the projected Commission is a financial victory that must necessarily produce causes to lead to, and to justify, a military one, the other foreign residents look upon it with dismay and apprehension from a well-founded conviction that its operations will eventually be injurious to their commerce and only favourable to French interests and objects exclusively. The same view is taken of it by all the foreign Representatives, and the Prussian Agent, in referring the subject to his Government has submitted to its consideration the expediency of its intervention in Paris to prevent future prejudice to Prussian interests.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure in No. 20.

Mr. Santillano to Mr. Wood.

My dear Sir,

April 9, 1868.

IN pursuance of your orders, I have duly delivered to the Prime Minister the letter which you have addressed to the Bey, dated the 7th instant, regarding the formation of a Financial Commission.

The Minister took the opportunity to tell me that yesterday the French Consul-General had called first on him, and then on the Bey, mostly with the object of allaying their apprehensions, and weakening the import of your intimation to His Highness (which had been communicated to M. Botmiliau), to the effect that you would have interrupted your communications if the Tunisian Government came to any decision which you considered disrespectful towards England before Her Majesty's Government had time to come to an understanding with the other friendly Governments. He did not think that you would ever have adopted such a course; for he did not conceive in what way the formation of the Commission might offend England, or by what right you intended to have equal interference in a question which, according to him, mainly interested France.

The Bey told M. Botmiliau that, however this might be, he could not possibly enter into a discussion with you, or do anything which you considered might bring His Highness into difficulties with a friendly power like England, that you were not opposed, in principle, to the formation of a Commission, but only to the way in which the proposed one was to be constituted, and that you required tended to the effect of allowing the Governments who are interested in the matter to concert what was best to be done; and His Highness therefore earnestly requested of M. Botmiliau to allow this course to be taken in order not to get him into trouble, upon which he told the Bey that, such being the case, he would offer no further objection to the question being referred to the respective Governments.

The Minister observed that, in this interview, M. Botmiliau adopted, both towards him and the Bey, a more moderate language than he usually did on former occasions upon the subject, evidently on account of the firmness of your language. This observation gave place to some comments of a strictly confidential nature, useless to repeat here, the most salient of which was the importance attributed by the French residents themselves to the projected Commission, which they look upon as a financial conquest gradually leading to a real one.

In the course of the conversation, the Minister told me, for your confidential information, that M. Botmiliau, by way of encouragement under the present state of the Tunisian finances, suggested that he and yet to propose to his Excellency a project which he keeps in reserve, for the concession of the forests of Tabarca to a French Company, who are disposed to advance some millions in consideration of such a concession.

I have, &c.
(Signed) M. SANTILLANO.

No. 21

Mr. Wood to Lord Stanley.—(Received April 22)

(No. 18.)

My Lord,

Tunis, April 11, 1868.

I HAVE the honour to submit, herewith inclosed, a copy of a Memorial signed by the most respectable British merchants, praying that Her Majesty's Government will be pleased to protect their interests in this country, which they justly consider will be seriously compromised and prejudiced by the carrying out of the contemplated Financial Commission in its present form, and for objects and purposes too clearly indicated to permit of any misconception with reference to them.

They complain with justice that the Tunisian Government having failed in its previous attempts to annul, through some ill-disguised financial combination, its contracts with the trustees of the converted floating debt, it is now entertaining another project, which will directly lead to that result, unless it be greatly modified through the interposition of Her Majesty's Government. The object of the Tunisian Government is no other than by the consolidation of all its foreign loans and local debts, to compel the Trustees of the conversions to surrender the material guarantees in their possession to be amalgamated with the nominal guarantees given to the Tunisian loans in Paris,

and thereby deprive them, in favour of the French bondholders, of the greatest amount of the securities which they accepted in good faith as an inducement to convert their credits in order to accommodate the Government, and to afford it time for the payment of its liabilities.

In animadverting upon the bad faith of the Government, they beg to draw attention to the fact, that it is only a month since the French Government compelled the Bey to recall his Decrees, authorizing the consolidation of the Tunisian loans in Paris, as an act which it considered to be one of spoliation, and they cannot, therefore, reconcile its recent energetic remonstrances in support of the French bondholders in Paris with the efforts of its Representative here, in concert with the Bey's Government, to carry out the same object through the medium and protection of a Mixed Financial Commission to the incalculable prejudice of the bondholders of the Local Converted Debt, in which the Memorialists, as well as many other British subjects, both in Tunis and Malta, are interested for several millions.

I will not venture to trespass on your Lordship's time with detailed explanations on the subject which forms the complaint of the Memorialists, as they would only be a recapitulation of those I have had already the honour to submit to your Lordship in my preceding Reports with reference to the projected Financial Commission, but I may venture, with the utmost deference, to state in conclusion, that the representations of the British residents are just and well-founded, and as such are entitled to the consideration of Her Majesty's Government, whose powerful protection in defence of their invested and guaranteed interests and other rights, I dare invoke with respectful earnestness.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure in No. 21

British Merchants in Tunis to Mr. Wood.

Sir,

Tunis, April 4, 1868.

WE, the Undersigned, British merchants at Tunis, beg leave to tender our heartfelt thanks for the communication which you have kindly made to us of the favourable consideration in which Her Majesty's Government was pleased to take our petition regarding the formation of a National Tunisian Bank, with the faculty of issuing paper currency in the Regency. We are happy to state that that project has fallen to the ground, on account of the inability of the persons who concocted it, to put it into execution; but we have reason to apprehend that the collateral plan, tending to unify the Tunisian debt, is far from having been abandoned. We need not inform you of the purport of such a project, nor of the breach of public faith which it tends to realize in spite of the most solemn stipulations of the Tunisian Government, stipulations which, in a country like this, are so much intended to make up for the absence of laws as to give them the validity of International Treaties.

In our former petition we have already referred to the public difficulties under which the Tunisian Government created a floating debt, and the forebodings with which its creditors entered into negotiations that finally led to the conclusion of a Treaty by virtue of which the Tunisian Government gave and delivered into the hands of European trustees a sufficient amount of permits of exportation of oil, wool, dates, and soap as well as other *teskerés*, with the faculty of applying their proceeds to the reimbursement of the capital and interest of 12,000,000 francs, represented by 24,000 bonds of 500 francs each.

These arrangements took place without causing any defalcation from, or additional charge to, the Tunisian Treasury, for it can be proved that, through your interference, the duties upon the above-mentioned articles have been purposely and avowedly augmented to serve the object of that operation. The sole faculty which the Tunisian Government resorted to itself was that of reimbursing the bearers of the said bonds in case it should have contracted a loan abroad.

A year has hardly elapsed, however, since those stipulations have been subverted, and three attempts have already been made by the Tunisian Government to violate their clear letter and purport. The first was that of offering, through Messrs. Erlanger, to procure a loan at Paris with the very guarantees which our trustees actually held and administered. The second that of pretending to assimilate our operations to the general and unsettled debts of the Regency, the greater part of which, we have no hesitation to state, have been notoriously and wilfully augmented these latter times by

ruinous operations, undertaken through the Government Agents at Paris with a persistency that tended to increase the discredit to which its *teakérés* have been finally reduced.

An official act of the Tunisian Government, however, soon explained the motives of its conduct. Several Decrees of the Bey were actually published by authorized Agents in Paris, ordering the creation of a Grand-Livre; the forcible reduction of the interest due to every description of creditors; the compulsory presentation and delivery of all the Government bonds in circulation to an appointed Commission within two months; as well as the application of all the revenues of the Regency for guaranteeing the whole amount of debts contracted up to the date of those Decrees.

These arbitrary measures created such a general alarm in Paris that the French Government interfered and caused them to be annulled, inasmuch as it tended to defraud the bond-holders of 1863 and 1866, as well as all the other guaranteed creditors of the revenues specially affected to their operations. We know also, and are deeply grateful, for what you did to protect our interests on that occasion. But as, though the failure of those attempts were not sufficient to prove to the Tunisian Government that it could not easily avoid its *bond fide* engagements, it has now entered into a fresh project of forming a Commission, mainly composed of French parties, with the confessed object of covering its own direct responsibility in effecting the very unification which in the first instance has so justly been condemned by the French Government. Indeed, we cannot possibly believe that that Government is a party to the transaction or intends to countenance the formation of a Commission based upon such principles; the Tunisian Government has shown such little respect for its own Treaty stipulations that we do not believe any other Government would like to stand guarantee for the actual execution of its future arrangements. The past is an earnest of what the Government creditors can expect from any present or future belief in the good faith of its dealings; and we hardly think that they will find Commissioners disposed to endorse the arbitrary acts which are intended to be effected through its medium.

Under these circumstances we feel confident that if the French Government have thought it their duty to protect their own subjects from the attempt of depriving them of the nominal guarantees affected to their loans, an equal protection will be extended to us, on the part of Her Majesty's Government, inasmuch as we stand in even a fairer position than all the other creditors: for, firstly, we hold, through trustees, the actual possession and administration of the guarantees, which secure us the full reimbursement of the capital and interest of our credits. The fact of a Commission to be appointed for the object of disposing of the revenues of the Regency, clearly implies that those guarantees are to be taken out of the hands of our Trustees to favour the general mass of creditors. Secondly, that this would be an unnecessary and uncalled for violation of our stipulations; for if the object of the intended Commission be simply that of establishing a control over the revenues of the Regency, it is evident that those we hold as a guarantee are safe from the dilapidation, which is one of the motives why the creation of a Commission would be desirable, indeed, not for the arbitrary objects in view, but in order to re-establish some sort of order in the finances of the Government which would show that with some management and economy its revenues are sufficient to the proper discharge of its obligations; and, thirdly, that, therefore, any measure tending to amalgamate our guarantees with those of the other debts of the Regency, or to deprive us of the full benefit of our contracts, would constitute such a revolting act of spoliation as shall be at all times resented by us. Whilst, therefore, we protest against it we feel certain that you need only submit our case to Her Majesty's Government, with your own appreciation of the case, to meet that protection for our interests which we now crave at your hands.

We have, &c.

(Signed)

M. LEVY AND C. GUTHIERES.
PERRY, BURY AND Co.
M. AZUELOS.
M. DI J. ABEASIS.
G. ATTARD
MOISE LEVI SOLSINO.
LORENZO AZZOPARDI.
Per procura della Vedova Maria Pace,
MICHEL ANGELO AGIRS.
EAMANELE SCHEMBRI

No. 22.

Lord Stanley to Lord A. Loftus.

(No. 86.)

My Lord,

Foreign Office, April 22, 1868.

HER Majesty's Agent and Consul-General at Tunis has reported to me that the Prussian Agent in that city has submitted to his Government the expediency of its taking steps at Paris to prevent future prejudice to Prussian interests resulting from certain financial measures which the French Agent has been pressing on the Bey, and which would, if adopted, tend to give the French claimants on the Regency preferential advantages over those of other nationalities.

Her Majesty's Agent and Consul-General having some time back called the attention of Her Majesty's Government to the subject, I instructed Lord Lyons to communicate with the French Government, and I inclose, for your information, copies of the correspondence which has since passed between us.*

It is not necessary that I should furnish you with copies of Mr. Wood's despatches. The papers that I inclose will give you sufficient information, and will enable you, if questioned, to explain to M. Bismarck the views of Her Majesty's Government on the subject.

In these views the Government of the King of Italy, as I learn from Sir Augustus Paget, fully concurs.

I am, &c.

(Signed) STANLEY

No. 23.

Lord Stanley to Lord Lyons.

(No. 203.)

My Lord,

Foreign Office, April 22, 1868.

I INCLOSE, for Excellency's information, copies of despatches, as marked in the margin,† from Mr. Wood and Sir A. Paget upon the subject of Tunisian finances.

I also inclose a copy of a despatch which I have addressed to Lord A. Loftus upon the same subject.‡

I am, &c.

(Signed) STANLEY

No. 24.

Lord Lyons to Lord Stanley.—(Received April 24.)

(No. 402.)

My Lord,

Paris, April 23, 1868.

I SPOKE this afternoon to M. de Moustier of the proposed financial arrangements at Tunis, using the language of your Lordship's despatch to me No. 257 of the 20th instant.

M. de Moustier said that his instructions to the Prince de la Tour d'Auvergne, giving in detail the French view of the question, would be sent off to-night, and would be forthwith communicated by the Prince to your Lordship. He added that a similar instruction would be sent to the French Minister at Florence, to be communicated to the Government of Italy. He was, he added, confident that your Lordship would be convinced that the French Government was acting for the interests of all parties, and was right in desiring to settle the matter with the British and Italian Governments rather than exhibit at Tunis the spectacle of dissension between the European Powers.

I observed to M. de Moustier that Her Majesty's Government made no objection to concerting at Paris with the French and Italian Governments the precise proposal to be made to the Bey. They were, I said, ready to instruct Her Majesty's Agent at Tunis to abstain from discussing the question, provided M. de Moustier sent the same instructions to the French Chargé d'Affaires.

M. de Moustier replied that this would not at all answer the object he had in view. What he desired was that the British Agent should abstain from interfering with the endeavours made by the French Chargé d'Affaires to effect an arrangement beneficial to all parties. He begged Her Majesty's Government to be quite confident that no exclusive advantage would be sought by France. He assured me solemnly that nothing like a Convention or Agreement had been signed with the Tunisian Govern-

* Nos. 4, 5, 9, 15, and 17.

† Nos. 19, 20, and 21.

‡ No. 22.

ment. There was nothing but a Decree, spontaneously issued by the Bey, of which the approval had been signified verbally to his Highness by the French Chargé d'Affaires. The financial officer asked for by the Bey had not been sent. In fact, no steps had been taken by the French Government which could in any degree interfere with its liberty of action. M. de Moustier was, he said in conclusion, quite free to come to an understanding with England and Italy on every point, and most anxious to do so.

I could only repeat that I had no authority to consent, on the part of Her Majesty's Government, to a one-sided arrangement, which would tie up the hands of Her Majesty's Agent at Tunis, while the French Chargé d'Affaires would be left unfettered to exercise whatever pressure he thought proper on the Tunisian Government.

I proceeded to ask M. de Moustier whether the Bey was not at this moment engaged in negotiating a loan at Paris for the purpose of effecting a "conversion" of his debts. M. de Moustier said that he believed that something of the kind was going on, indeed, that he had been consulted on the subject, and had conferred upon it with the Minister of Finance. He had told the persons who had applied to him that he saw no reason to interfere in the matters, provided three conditions were observed.—

1. The operation should be confined to honourable capitalists having the means of executing it.

2. No aid should be made to the total amount of the Tunisian bonds.

3. The bondholders should have the option of accepting or refusing the conversion of their bonds.

M. de Moustier said in conclusion that he supposed that the operation would be contingent on the security to be afforded by the establishment of the proposed Commission. However far the negotiations had proceeded, he presumed they would be broken off, if this security were not fully given.

I made the substance of what I had said to M. de Moustier known to the Italian Minister, whom I found in the ante-room waiting to be received by his Excellency.

I have, &c
(Signed) LYONS.

No. 25.

Lord Stanley to Lord Lyons.

(No. 265.)

My Lord,

Foreign Office, April 24, 1868.

I HAVE received your Excellency's despatch No. 402 of the 23rd instant, reporting the substance of your conversation with M. de Moustier with reference to the proposed financial arrangements at Tunis; and I approve of the language which your Excellency held on this occasion.

With reference to the understanding upon which, as you were instructed to inform the Imperial Government, Her Majesty's Government had expressed their willingness to instruct Her Majesty's Agent and Consul-General at Tunis to abstain from discussing this question with the Bey, I have to state to you that after M. de Moustier's observations on this point, Her Majesty's Government cannot consent to send the instructions to Mr. Wood which were desired by the Imperial Government.

I am, &c
(Signed) STANLEY.

No. 26.

Sir A. Paget to Lord Stanley.—(Received April 24.)

(Secret.)

(Telegraphic.)

Tunis, April 24, 1868.

MENABREA has information that the French Government has the intention of assisting the Bey of Tunis to raise a vote of 5,000,000 francs to enable him to settle with the English and Italian creditors, and thus deprive England and Italy of further pretext for interference in the arrangement of the financial affairs of the Regency.

French Government has obviously a political object, and he considers that England and Italy ought to combine secretly and speedily to prevent its realization, but without irritating or offending France.

No. 27.

Mr. Wood to Lord Stanley.—(Received April 25.)

(No. 12.)

My Lord,

Tunis, April 5, 1868.

I HAVE the honour to state that, owing to the interruption of the submarine cable between Tunis and Europe, I avail myself of the departure of the British steamer "Lancetfield" to forward, through the Chief Secretary of the Government of Malta, the following telegram to your Lordship's address under this day's date.

"Referring to my despatch No. 11, another project for formation of Financial Commission is being negotiated by French Consul, composed of two French officials and majority of Frenchmen, excluding England and Italy. The conditions seriously compromise British and other interests in violation of Treaties, and will create future complications between England and Tunis, unless immediately averted by an understanding with France and Italy. The project has been transmitted this day to France for approval. My individual action here is totally insufficient to overcome bad faith."

I have, &c
(Signed) RICHARD WOOD

No. 28.

M. de Moustier to Prince de la Tour d'Auvergne.—(Communicated to Lord Stanley by Prince de la Tour d'Auvergne, April 25.)

Prince,

Paris, le 23 Avril, 1868.

AINSI que je vous l'ai fait savoir par le télégraphe, Lord Lyons est venu me demander quelques explications sur les dispositions récemment prises par le Bey de Tunis à l'effet d'instituer une Commission Financière destinée à mettre un peu d'ordre dans le Budget de la régence. J'ai lieu de penser que l'Ambassadeur de la Reine a été satisfait des éclaircissements que je me suis empressé de lui donner dans les deux entretiens que j'ai eus avec lui à ce sujet.

Depuis plusieurs années l'administration de la Tunisie a été livrée à une anarchie et à une dilapidation effrayantes. Nos conseils, appuyés peut-être d'une manière insuffisante par le Consul d'Angleterre, n'ont point été écoutés. Cet état de choses nous préoccupait à la fois au point de vue de nos rapports de voisinage et de la situation des créanciers Français qui ne cessent de s'adresser à nous pour se faire rendre justice par le Gouvernement du Bey. Vous savez qu'outre les charges constituant la dette flottante de la Tunisie, deux emprunts ont été contractés à Paris en 1863 et 1865. Les titres de ces emprunts, qui sont presque exclusivement entre des mains Françaises, ne sont plus payés depuis un an. Un tel état de choses aurait pu se prolonger sans ébranler davantage l'apathie tout Orientale du Gouvernement Tunisien, si l'épuisement complet de ses ressources et de son crédit ne lui avait fait comprendre l'absolue nécessité de prendre des mesures décisives.

Toutefois, avant de s'y décider, le Bey, exploité par des individus sur les antécédents desquels il n'avait pas pris soin de s'édifier préalablement, avait essayé sur la place de Paris une opération, dite de conversion, qui, dans les circonstances et sous la forme où elle se produisait, eût été pour les porteurs de la dette le point de départ de nouvelles déceptions.

Le Gouvernement Français s'en est inquiété à juste titre, et au moment où il faisait faire au Bey de sérieuses représentations. Ce Prince, déjà mieux éclairé, avait reconnu le piège qui lui avait été tendu, et rapportait les mesures qu'il avait consenti à prendre sans en peser les conséquences. En même temps il rendait spontanément un décret par lequel il instituait une Commission Financière appelée à étudier avec soin les ressources de la Tunisie, à établir un budget normal, et à fixer, d'une part, la somme nécessaire annuellement pour assurer les services publics, et, de l'autre, celle qui sera réservée pour payer les intérêts de la dette constituée, et régler les créances appartenant à la dette flottante.

Le Bey nous faisait en même temps demander de mettre à sa disposition un agent de notre administration financière capable de diriger d'une manière utile et pratique les travaux de cette Commission. L'importance que nous devons attacher à la bonne gestion administrative et financière de la Régence est trop considérable pour que nous puissions hésiter un seul instant à prendre acte des sages résolutions du Bey. Nous devons au contraire lui ôter, par notre adhésion immédiate, tout prétexte de se laisser

retomber dans une situation au bout de laquelle il n'y avait plus pour la Régence qu'une catastrophe inévitable, et, pour nous, la perspective d'une intervention effective, à laquelle nous eussions pu être fatalement entraînés, malgré l'intérêt que nous avons à éviter cette nécessité et notre sincère désir de ne pas y être réduits.

Telle a été notre préoccupation unique, et nous nous sommes étonnés que les Agents d'Angleterre et d'Italie, méconnaissant les mobiles impérieux qui dirigeaient notre conduite, aient essayé d'alarmer leurs Gouvernements dans un moment où une saine appréciation des choses aurait dû nous assurer, au contraire, leur appui et leur bienveillance.

M, en acceptant sans hésitation les garanties offertes par le Bey, nous avions pour but de sauvegarder des intérêts Français considérables, nous n'étions mus certainement par aucune arrière-pensée dangereuse pour l'indépendance de la Régence, ou menaçante pour les créances étrangères. Les principes de justice et d'impartialité dont le Gouvernement de l'Empereur s'inspire partout, et dont il n'a cessé de donner des preuves dans les pays Levantins, excluent la possibilité de lui attribuer le désir de frustrer, dans des vues exclusives, les justes espérances des sujets des autres nations.

Il est évident au contraire, que si nous n'avions pas pris à cœur de travailler à la reconstitution des finances Tunisiennes, et si nous venions à échouer dans cette tâche, les droits des étrangers seraient irrémédiablement compromis avec les nôtres dans la ruine générale. Une lutte locale d'influence entre les divers Représentants à Tunis serait donc aussi puérile qu'impérissable, et nous ne doutons pas que le Cabinet de Londres ne donne à son Consul-Général des instructions propres à prévenir toute compétition de ce genre. Entrer dès à présent dans les questions relatives à la composition ou à la compétence de la Commission Financière, et mêler le Gouvernement Tunisien à ces débats, ce serait affaiblir de bonnes résolutions nées sous la salubre influence d'un jour de détresse, et suggérer au Bey la triste pensée d'exploiter, au profit de l'inertie trop naturelle aux Orientaux, les divisions déplorables dont les Européens ne doivent jamais donner le spectacle dans ces contrées. Que peut désirer le Gouvernement Britannique ? Que les garanties obtenues par nous profitent dans une mesure équitable à ses propres sujets. Lord Lyons sait combien, lorsque j'étais son collègue en Orient, j'ai toujours su m'élever au-dessus des points de vue exclusifs et égoïstes ; je crois l'avoir convaincu que telle est encore mon intention, et que c'est ici que les questions concernant les créanciers de la Régence, sans distinction de nationalité, peuvent se traiter utilement et amicalement. Je me suis exprimé dans le même sens avec M. Nigra.

Vous voudrez donc bien, de votre côté, éclairer le Principal Secrétaire d'Etat sur nos dispositions et faire appel aux sentiments de confiance du Gouvernement Britannique. Nous désirons que la question, dégagée des susceptibilités auxquelles j'ai fait allusion, transportée du terrain local dans un milieu plus calme et devienne l'objet d'un échange d'idées confidentiel et direct entre les deux Cabinets.

Nous attendons de Lord Stanley qu'il nous mette à même d'apprécier quelles sont les préoccupations légitimes auxquelles le soin des intérêts Anglais pourrait donner lieu. Nous examinerons ces observations avec autant de scrupule que de sympathie, et le Gouvernement Britannique, nous en sommes convaincus, ne voudra pas méconnaître, de son côté, les droits et les nécessités dont le Gouvernement Français doit s'inspirer.

Agéez, &c
(Signé) MOUTIER

No. 20

Mr Wood to Lord Stanley.-(Received April 27)

No. 17

My Lord,

Tunis, April 18, 1868

I HAVE the honour to acknowledge the receipt of your Lordship's instructions No. 2 of the 8th of April, inclosing a copy of the despatch which your Lordship has addressed to Lord Lyons with reference to the nature of the communication which his Excellency was instructed to make to the French Government relative to the Financial Commission, which it is proposed to establish at Tunis, and with regard to which matter your Lordship is pleased to approve of my proceedings.

With respect to that part of the note of the Italian Chargé d'Affaires wherein it does not appear quite clear whether the apprehensions expressed in it for the permanence of the arrangement for the liquidation of foreign claims to which he alludes, originates in the proposed scheme for a Financial Commission and regarding which your Lordship requires further information, I beg to state that, according to the original scheme, the

attributes of the new Commission were to be limited to the future ; but that, pursuant to the new or amended project secretly arranged between the French Representative and the Prime Minister, those attributes are now intended to have a retroactive effect upon the arrangements already in operation for the security of foreign creditors.

This object is clearly set forth in the project in question, which provides that the Commission shall receive all the revenues of the Régence without exception, including therefore, the Customs revenues arising out of the permits for the exportation of oil, wool, dates, &c., but which Customs revenues have been given as securities to the capitalists, who undertook the conversion of the 12,000,000 francs. These permits, representing an amount sufficient for the payment of capital and interest in the course of a few years, have been put, moreover, in the possession of the Trustees who, on behalf of the capitalists, signed the arrangements alluded to in the Italian note with the Tunisian Government, and which solemn arrangements, already in operation, it is now sought to destroy through the action of, and the attributes it is proposed to give to, the new Commission.

Furthermore, if any doubt did exist as to the object of the scheme, it is set aside by the Vth Article of the project which I had the honour to submit to your Lordship in my Report No. 14 of the 7th of April and which provides that, when the revenues of the Government shall have been determined as well as the expenses, with the addition of the whole amount of the debts, the said Commission shall devise means for the redistribution of the revenues in an equitable way, taking into consideration the rights of all parties, and shall determine the guarantees which can be conveniently affected in favour of the Government debts.

In other words the Commission will be authorised to ascertain the total amount of the foreign and local debts, receive the public revenue without exception, including the surpluses already given, and make a re-distribution of these securities in liquidation of the whole amount of the debt ; thereby setting aside all previous arrangements and withdrawing and annulling the guarantees that were given to, and accepted in good faith by, the local capitalists.

This scheme, which is considered here by the local capitalists, amongst whom there are many French subjects, as tantamount to spoliation by the appropriation of their material and other guarantees, is by no means limited to the first arrangement or conversion of the 12,000,000 francs mentioned in the note of the *Chargé d'Affaires* d'Alger, but it is intended to extend it likewise to the two subsequent arrangements or conversions of a similar nature as the first, and representing a capital of no less than 35,000,000 francs appertaining to British, Italian and French residents, who energetically protest against their being despoiled in favour of the Tunisian bondholders in France simply because, through the loans of 1863 and 1865, they chose to accept, in consideration of large profits to themselves, nominal or insufficient guarantees, to be now increased and rendered more secure by the appropriation of those already in the possession of the former or local capitalists.

I respectfully hope that the foregoing explanations, conjointly with those I have already the honour to give in my preceding reports on the same subject, will sufficiently demonstrate the object which the French Representative and the Prime Minister have in view by the formation of the Financial Commission upon the basis and with attributes such as I have ventured with the utmost deference, to lay before your Lordship ; and although they are now disavowed by the Bey in consequence of the strong remonstrances of the British and Italian Representatives, yet I have still reason to apprehend that secret negotiations are being carried on in Paris relative thereto between the French Government and General Rustan, who has been sent there by His Highness on a confidential mission to the Marquis de Montier. But if I required an additional proof for my doubts and misgivings, I have only to revert to the fact, that, from the moment I first opposed and objected to the scheme for destroying the arrangements already effected and in operation, both the French Representative and the Tunisian Minister ceased to consult me on the subject, and carried on secretly the negotiations between them, enveloped in mystery, which was only unveiled to me by the frankness of the Bey himself, who rightly perceived that the endeavours made by his Government to arrange the disorganised state of the finances were of a character to seriously compromise his autonomy and the political status of his country.

I have, &c,
(Signed) RICHARD WOOD

Mr. Wood to Lord Stanley.—(Received April 27.)

(Telegraphic.)

Tunis, April 27, 1868

FRENCH Consul has peremptorily demanded of Bey to sign project for Financial Commission. Bey accepts Commission in principle, but having refused to accept the eight conditions until informed of the decision of England, France, and Italy, as previously agreed, French Consul has suspended diplomatic relations, threatens to quit, to be followed by expulsion of Bey from Regency, unless Bey delivers the decrees he demands. Bey asks for good offices of friendly Powers.

No. 31

Lord Stanley to Lord Lyons

(No. 281.)

My Lord,

Foreign Office, April 27, 1868.

The French Ambassador communicated to me, on the 25th instant, the substance of a despatch from the Marquis de Moustier on Tunisian Finance, dated the 23rd instant.

In his despatch M. de Moustier says that the French Government have, of late years, been much disquieted by the continually increasing difficulties of the Tunisian Treasury, that besides the floating debt of the Regency the Bey had contracted at Paris in the years 1863 and 1865, two loans, the coupons of which are almost exclusively in French hands, and have not been paid for a year.

But besides this, the Bey had been induced by some speculators at Paris to attempt a conversion of the bonds of these loans, which would have led to further illusion as regards the holders of them.

The French Government being disturbed by this state of things was making serious representations at Tunis, when the Bey himself discovered the deceit attempted to be practised on him, and withdrew his consent from the projected conversion. He, at the same time, appointed a Financial Commission charged to inquire into the resources of the Regency, to establish a normal budget, and to assign so much as might be required for the annual expenditure of the State, and so much as might be set apart for the payment of the interest of the regular debt, and for meeting the requirements of the floating debt.

Simultaneously with this the Bey applied to the French Government to place at his disposal a French financial agent competent to direct the labours of this Commission, and the French Government at once acceded to his request, considering that by doing so it would preserve the Bey from a state of things which must lead to a catastrophe as regards the Regency, and might involve the French Government in the necessity of exercising some direct intervention in the matter.

M. de Moustier is surprised that the Agents of England and of Italy, overlooking the motives of the conduct of France, should have sought to alarm their Governments as to its consequences.

Certainly, if by acceding to the overtures of the Bey the French Government were influenced by the desire to secure French interest, they never entertained the notion of impairing the independence of the Regency, or of prejudicing the foreign creditors. It is clear, on the contrary, that if they had not acted as they have done, the interests of all foreigners, including those of French subjects, would have been immediately compromised.

In this state of things any struggle for influence among the Representatives of foreign Powers would be as childish as it would be short-sighted; and the French Government cannot doubt that the Government of Her Majesty will give such instructions to its Agents as may prevent any such competition.

M. de Moustier considers it would be mischievous to make the Tunisian Government a party to the discussions which may take place between the Powers respecting the composition or competence of the Finance Commission, as the exhibition of a diversity of views might tempt the Bey to draw back from his present intentions.

What, M. de Moustier asks, can the British Government desire? That the guarantees which may be obtained for French subjects may ensure for the benefit of those of England, and appeal to your Excellency's knowledge of the disinterestedness of his character at Constantinople, he considers that he has satisfied you, that in

the present case he will be equally disinterested; and that the question relating to the creditors of the Regency of all nationalities can be dealt with usefully and amicably at Paris. He has said the same to M. Nigra.

M. de Moustier, in conclusion, instructs Prince de la Tour d'Auvergne to express a hope that the question may be discussed directly and confidentially between the two Governments, and he trusts that I will explain the precise objects of the anxiety felt by Her Majesty's Government for British interests in this matter; and while he promises to examine them carefully, he expresses the hope that Her Majesty's Government will take equally into account the rights and necessities of that of France.

I deferred my answer to this communication until I should have gone thoroughly into the whole question; and having done so, I stated to the Prince de la Tour d'Auvergne, in an interview which I had with him on the 27th instant, that Her Majesty's Government were very far from objecting in principle to the plan of placing the administration of the finances of Tunis in the hands of a Commission; and they were perfectly prepared, instead of making a direct representation to the Bey in the first instance on the subject, to come to an understanding either at Paris or in London, with the French and the Italian Governments,—the subjects of the three Powers being, although perhaps in different proportions, mainly interested in the matter as creditors of the Regency,—as to the manner in which the Commission should be composed, and as to the functions which it should be called upon to perform.

Her Majesty's Government were, however, of opinion that the action of the Commission should be prospective, and not retrospective; and that it should not be empowered to set aside arrangements already entered into for the security of foreign creditors, or to divert from them sources of revenue already appropriated for the liquidation of their claims.

With regard to the manner in which the Commission should be composed Her Majesty's Government considered that England, France, Italy, and even Germany, if the interests of German subjects in the question were of sufficient magnitude, should be severally and equally represented in the Commission, though not by official persons, or by persons nominated by their respective Governments. The parties interested might well be entrusted with the choice of their delegates; and Her Majesty's Government were also of opinion, that so long as the action of the Commission was restricted to the performance of the duties specially assigned to it, there should be no interference with the proceedings on the part of the Agents of foreign Powers.

I added, that these were the general impressions of Her Majesty's Government on the subject; but I would not say they were unchangeable.

We were willing to discuss the matter in a fair and friendly spirit; and the chief object of the suggestions which I had just made, was to avoid even the semblance of international rivalry in a matter in which cordial co-operation between the various Powers interested was so much to be desired.

I am, &c.
(Signed) STANLEY

No. 32

Lord Stanley to Sir A. Paget

(No. 68.)

Foreign Office, April 28, 1868

Sir,

WITH reference to your despatch No. 122 of the 17th instant, I inclose, for your information, copies of despatches as marked in the margin* upon the subject of the proposed Tunisian Finance Commission.

I am, &c.
(Signed) STANLEY

Sir A. Paget to Lord Stanley.—(Received April 29.)

(No. 130)

My Lord,

Tunis, April 25, 1868

I HAD a short interview yesterday morning with Count Menabrea respecting the affairs of Tunis. His Excellency was fully acquainted with the actual position of things as described in the despatches from and to Lord Lyons, of which copies are inclosed to me in your Lordship's despatch No. 60 of the 20th instant, and his Excellency entirely coincides in your Lordship's opinion that it is impossible for the Italian and English Governments to accept the arrangement proposed by M. de Moustier, viz., to instruct their Agents at Tunis not to offer any further advice to the Bey while negotiations are going on at Paris respecting the proposals to be made to the Government of Tunis, unless the French Chargé d'Affaires is equally instructed to refrain from interference.

Count Menabrea proceeded to say that it was quite evident that the French Government had a political object in view, that they intended, in short, to make Tunis a dependency of France, and this impression was confirmed by information which had just reached him from Paris. That very morning he had learnt that the French Government, with the object of disinteresting the Governments of Italy and England in the financial affairs of the Regency, and of depriving them of their right of interference, had the project of assisting the Bey to raise 35,000,000 francs for the purpose of paying off the English and Italian creditors. Now, England and Italy were both equally interested as it appeared to him, in there being no extension of French influence or power in the Mediterranean, and he thought, therefore, they ought to combine together to prevent the realization of this project. It would be necessary that they should act in perfect secrecy.

Explanation of his meaning Count Menabrea referred to the great anxiety felt by the Bey of Tunis for a more complete autonomy than he now enjoys. To all intents and purposes the Regency was practically independent of the Porte; foreign Powers sent Agents to reside in Tunis; but the Bey was, he knew, desirous of having Agents of his own in foreign countries. His Highness had formerly a Consular Agent in Piedmont, but his suppression was agreed to, and Count Menabrea thought unwisely, so, he thought, the Commercial Treaty made with the Turkish Government on the formation of the Italian Kingdom. This difficulty might, however, in Count Menabrea's opinion be got over by admitting an Agent of the Bey of Tunis under the designation of a "Commercial Agent."

It was desirable for Italy and England to obtain commercial advantages in Tunis, and Count Menabrea might be made with the Bey securing these advantages on the condition of allowing him to have these Commercial Agents resident in the two countries, but on this condition only; and he believed that the more the independence of the Bey was recognized by foreign Powers, the more difficult would it be for France to achieve the objects of her ambition.

I told Count Menabrea I would report what he said to your Lordship, but that I thought Her Majesty's Government would have a very great objection to do anything which might irritate or offend the French Government in this matter.

Count Menabrea replied that he was as solicitous on this point as Her Majesty's Government could possibly be, but he thought matters could be managed in such a way as to avoid giving any just ground of complaint to France, and his Excellency expressed his intention of instructing the Italian Chargé d'Affaires in London to communicate with your Lordship on the subject.

I endeavoured to see Count Menabrea again yesterday and to-day upon the above topics, but his Excellency is so exclusively occupied in attendance at the palace that I was unable to do so. I have, therefore, spoken to M. Barbolani, the Secretary-General for Foreign Affairs, to whom I stated, with a request that he would inform Count Menabrea that I reflected on what his Excellency had said to me the day before, and that I thought it that Her Majesty's Government would consent to the proposal which his Excellency had suggested. In the first place, as regards entering into secret negotiations with the Bey's Government, I did not believe secrecy would be possible in such a matter. The very first word which we uttered at Tunis would be repeated to the French Chargé d'Affaires, and we should then lay ourselves out to the charge of not dealing fairly with the Government of the Emperor. If the French Government were proceeding underhand in the matter of the loan, the best way of meeting them would be by stating to M. de Moustier frankly and openly that

we knew what was going on; and that if his object was such as we supposed it to be, viz., to get the affairs of the Regency of Tunis entirely under the control of the French Government, we could not consent to this being done.

As regarded the price at which we were to obtain commercial advantages from the Bey of Tunis, viz., to admit Agents from his Government, no matter under what denomination, to reside in England and Italy respectively, I begged M. Barbolani to remind Count Menabrea that the policy of Her Majesty's Government was to uphold the authority of the Sultan in every part of his dominions, and that I thought Her Majesty's Government would unwillingly agree to anything which might infringe upon this authority, in however slight or apparent a degree.

M. Barbolani promised to report these observations to General Menabrea, but he at the same time assured me that the Italian Government had no desire whatever to diminish in any way the Sultan's suzerain rights, and that in the event of a Commercial Convention being negotiated with Tunis, on the condition specified, care might be taken to secure them.

I have, &c.
(Signed) A. PAGET

No. 34

Lord Lyons to Lord Stanley.—(Received April 29)

No. 1185

My Lord

Paris, April 28, 1868

EVERY well informed person has given me the following account of the scheme for the conversion of the Tunisian debts, which is on the point of being brought out by the Société Générale of Paris:—

The Bey of Tunis creates a perpetual stock of 100,000,000 francs (4,000,000/1000).

The holders of the bonds at present in circulation have the right to exchange each bond of 500 francs which now bears 35 francs rente per annum, against 50 francs of the new stock on paying the sum of 125 francs per bond, but as at least one-fourth of the stock is payable in overdue coupons, the sum of money to be received by the Bey on all the bonds he converts, will not be more than 12,000,000 francs (480,000/1000).

My informant adds that he cannot discover any special assignment of taxes or anything else; that it seems, indeed, to be understood that this new loan covers a part of the old ones, and is made upon the general credit of the country and its revenues.

I have, &c.
(Signed) LYONS

No. 35

Lord Stanley to Lord Lyons.

Telegraphic

Foreign Office, April 30, 1868, 3.15 p.m.

I HAVE received through Malta this telegram from Her Majesty's Agent and Consul-General at Tunis:—

"Tunis, April 27"

"French Consul has peremptorily demanded of Bey to sign project for Financial Commission. Bey has refused in principle, but having refused to accept the project, the French Consul has suspended diplomatic relations, threatens to quit Tunis to be followed by expulsion of Bey and his family, unless Bey delivers the demands. Bey asks for aid of friendly Powers."

You will place a copy of it without delay in M. de Moustier's hands, and ask him whether the French Government approve what the French Agent has said and done, and if not you will express a hope that he may be restrained without loss of time.

Lord Stanley to Sir A. Paget.

(No. 39.)

Sir,

I HAVE received your despatch No. 130 of the 25th ultimo, reporting a conversation you had with Count Monabrea respecting the course which his Excellency considers the Governments of England and Italy should pursue in view of the present state of affairs in Tunis, and I have entirely to approve the language which you held on that occasion.

Foreign Office, May 1, 1868.

I am, &c.
(Signed) STANLEY.

Sir A. Paget to Lord Stanley.—(Received May 1.)

(Telegraphic.)

Florence, April 30, 1868.

ITALIAN Consul-General telegraphs from Tunis, April 28, that on arrival of mail from Marseilles, French Agent declared to the Bey that, if on the arrival of the French Commissioners, who have already left Paris, the Decree instituting Franco-Tunisian Commission had not appeared, he would break off relations, and withdraw from Tunis.

Bey refused compliance, relying on support of England and Italy.

Order sent to Maffei to confer with you, with a view to (both) Powers acting in concert at Paris.

M. Nigra informed as above, but told to do nothing without instructions.

Lord Stanley to Lord Lyons.

(Telegraphic.)

Foreign Office, May 1, 1868.

I HAVE received the following figures from Sir A. Paget:—

[See No. 38.]

Lord Lyons to Lord Stanley.—(Received May 2.)

(No. 420.)

My Lord,

Paris, May 1, 1868.

THE Marquis de Moustier told me yesterday that he had received from the Prince de la Tour d'Auvergne a report of the answer which your Lordship had made to the communication of the views of the French Government on the subject of the financial affairs of Tunis.

M. de Moustier said that your Lordship's answer was very satisfactory to him, and that he did not foresee that he should have any difficulty in coming to an understanding with you on all the points in discussion. Although the account which M. de Moustier had received from the Prince de la Tour d'Auvergne of your Lordship's sentiments appeared to be substantially correct, I nevertheless thought it well to repeat to his Excellency your answer as nearly as possible in the words of your despatch to me No. 281 of the 28th ultimo.

I dwell somewhat on the point that the action of the Commission should be

prospective not retroactive, and that it should have no power to divert sources of revenue already appropriated to the liquidation of particular claims. M. de Moustier did not, however, express an opinion on this point.

On my saying that your Lordship thought that the Members of the Commission should not be official persons, or persons nominated by their respective Governments, M. de Moustier observed that he was decidedly of opinion that none of the foreign Consuls should be admitted into the Commission. The Bey had, he said, proposed that the Delegate of French Commerce at Tunis should be *ex officio* a member. This Delegate was not an officer of the French Government, but M. de Moustier attached no importance to his sitting on the Commission. The request made by the Bey to the French Government to send him an accomplished French financier to assist him in the management of his finances was a different matter. With this request M. de Moustier was disposed to comply. It did not follow that the financier should be taken from the French Government officials. If he were so taken, he would quit the French service for the time he was employed in Tunis.

As to there being no interference on the part of the Agents of foreign Governments with the action of the Commission, M. de Moustier said that he was himself of opinion that those Agents should not interfere at all in the details of the administration, that they should simply exercise a *haute surveillance* over the Commissioners.

M. de Moustier renewed his assurances of his desire to come to a complete understanding with the Governments of Great Britain and Italy on the composition and functions of the Commission. He did not, however, appear to be ready at the moment to suggest or to agree to any particular plan for entering upon the business practically, and for putting the arrangement to be proposed to the Bey into shape, and recording it.

I asked M. de Moustier what progress had been made by the Bey in raising a loan in Paris. M. de Moustier said that he believed the negotiations had made considerable progress, but that he was not disposed to allow them to be absolutely concluded until something had been settled as to the security to be given by the Bey for the future good management of the Tunisian finances.

I have, &c.
(Signed) LYONS.

Lord Lyons to Lord Stanley.—(Received May 2.)

(No. 427.)

My Lord,

Paris, May 1, 1868.

YESTERDAY, some hours after the conversation with the Marquis de Moustier of which an account is given in my immediately preceding despatch of this date, I received from the French Telegraph Office a copy of Mr. Wood's despatch to your Lordship of the 27th ultimo, stating that the French Chargé d'Affaires at Tunis had broken off diplomatic relations with the Bey, and that the Bey asked for the good offices of friendly Powers. I immediately sent a copy of the telegram to M. de Moustier with a message begging him to lose no time in enabling me to allay the uneasiness which it could not but occasion. Later in the evening I received your Lordship's telegram directing me to ask M. de Moustier whether the French Government approved of the conduct of the French Chargé d'Affaires, and if he did not, to express a hope that measures would be taken without delay to restrain him.

I went to M. de Moustier this morning, and after referring to the message I had sent to him the evening before, and to a message he had sent to me in reply, made a communication to him in the terms of your Lordship's telegram.

M. de Moustier said that he thought Mr. Wood's telegram must contain a very exaggerated account of what had occurred at Tunis. He had himself received a telegram from M. de Botmiliau, the French Chargé d'Affaires at Tunis, dated the 24th instant. In that telegram M. de Botmiliau reported that the Bey had withdrawn all the guarantees he had given, that under these circumstances negotiation had become impossible, and that he had consequently suspended relations until he received further orders from Paris. M. de Moustier said that he understood this rather as meaning that M. de Botmiliau had suspended relations with special reference to the financial question, than that he had come to anything like a rupture.

He had intended to wait for M. de Botmiliau's written report before sending him

instructions, but on being made acquainted last night with Mr. Wood's telegram, he had sent off provisional instructions by telegram. These instructions were to the effect that M. de Botmihau's telegram was too laconic, and that his written despatches were awaited with impatience; that it did not appear whether the Bey had withdrawn the Decree, whether he had refused the guarantees which had been already accepted, that the question of the Financial Commission was about to be settled by M. de Moustier with the English and Italian Governments; that M. de Botmihau should avoid giving his foreign colleagues at Tunis any cause of dissatisfaction, and that M. de Moustier hoped that they would receive similar instructions from their respective Governments.

M. de Moustier observed that he was at a loss to understand Mr Wood's telegram. He repeated that no pressure whatever had been exercised upon the Bey. His Highness had (he said) spontaneously issued a Decree—it might be in eight Articles—this he did not recollect, but certainly no conditions were imposed. There was no Convention, no agreement written or verbal, between France and the Bey. He could only confirm what he had said to me the day before, and assure me that he was ready and anxious to come to an understanding with Her Majesty's Government as to the composition and functions of the proposed Commission.

M. de Moustier said that he had sent instructions last night by telegraph to the Prince de la Tour d'Auvergne to give your Lordship explanations which would, he trusted, be satisfactory, and he added that he should write to the Prince at length this evening on the subject.

I have, &c.
(Signed) LYONS.

No. 12.

Mr. Wood to Lord Stanley.—(Received May 4.)

(No. 10)
My Lord,

Tunis, April 24, 1866.

I HAVE the honour to state that, having been invited late in the afternoon to call at the palace, the Bey informed me that, on the arrival of the mails this morning, the French Chargé d'Affaires had called upon him, and producing a despatch and private letter he read a few lines from the former to the effect that his Government desired to know whether His Highness had accepted the formation of a Financial Commission; and upon his reply that he had acceded to the scheme in principle, M. Botmihau requested him to address a letter either to the Marquis de Moustier or to himself conveying his formal adhesion and embodying the eight Articles or Conditions upon which the Commission was to be formed. His Highness observed that he could not comply with his demand, inasmuch as, although he had accepted the project in principle, the Representatives of Great Britain and Italy had objected, not to the Commission itself, but to the manner it was proposed to be carried out; that the British Agent having stated in writing the reasons upon which he founded his objections, and that of Italy having presented a protest by order of his Government, rendering His Highness personally responsible for whatever prejudice might accrue hereafter to Italian interests, he (the Bey) had formally consented to allow them time for communication with their respective Governments—a course which M. Botmihau had himself suggested in the event that a divergence of opinion between the three Agents should render such a reference necessary; that the matter being, therefore, after the consideration of the three friendly Powers, it was due to them to wait for their decision, which they would not retard to give beyond a few days; and he therefore earnestly requested that he would not press his demand for the letter in the manner and form it was required of him, and which he could not give without acting unbecomingly towards Her Majesty's Government and that of Italy.

The French Chargé d'Affaires, after having failed to persuade His Highness to change his resolution, accused him of having retracted his promise to carry out the scheme, which retraction he would represent to his Government as an act of bad faith; that the British and Italian Agents had no instructions from their Governments, but were pursuing a personal policy. At any rate, if His Highness was afraid of England and Italy he ought to entertain greater fears with regard to France, his more powerful neighbour; that unless he forthwith addressed the letter he required of him, the Emperor would consider it as a personal indignity offered to him and would resent it accordingly; that he advised him to maturely weigh the consequences of his refusal

before he imperilled his country and his family, which a persistence in his refusal would place in imminent danger,—for it must be borne in mind that the Marshal Governor-General of Algiers was at hand; and that, in short, he would not quit the palace without the letter conveying, in the most formal manner, his acceptance of the eight Articles referred to.

In vain did His Highness repeat his remarks as well as his reluctance to prejudice the interests of the subjects of other Governments, which he had reason to hope would speedily come to an understanding in common regarding a question of importance that concerned them equally, and by which decision he would abide so soon as he was made acquainted with it through their respective Representatives.

M. Botmihau questioned the interest which Great Britain and Italy took in the matter, and took upon himself to affirm that, notwithstanding Mr Wood's representations and assertions, Her Majesty's Ambassador at Paris had only made a few passing observations on the subject to the Marquis de Moustier. But be it as it may, he would either have the letter he demanded, or he would from this day interrupt his relations and communications with His Highness, and would return to France with the bankers and capitalists who were expected to arrive in the course of next week. He should regret to have to take this step, because it would result in disaster to His Highness and to his family, since, if he quitted his post, France would never again send another Representative to Tunis, intimating thereby that she would occupy it militarily.

All the arguments of the Bey to dissuade him from pursuing a course of moral coercion, when the question in respect to which he employed it was already under the consideration of his own Government, having proved of no avail, His Highness then earnestly begged of him not to bring about unnecessarily a rupture between him and France, with whose previous wishes he had complied; that he could not believe it was her desire at present to make that compliance the ground of a misunderstanding between the two Governments, or between his Government and those of England and Italy, and that he therefore trusted that by M. Botmihau's forbearance and moderation he would be spared future difficulties that would overwhelm him. Should it be, however, the fixed purpose of the French Representative either to extort an acquiescence in his demand or to produce complications, in that case His Highness had no alternative but to declare his inability to resist either France, England or Italy, and that, consequently, if it was the pleasure of the Emperor to coerce him and to occupy his country, he would surrender it, since he could not defend it; but in that case it would be more desirable that the intention should be openly expressed instead of preparing the means to justify an attack by making demands which it was known beforehand could not be yielded without laying the foundation for future complications and danger.

This painful conference lasted upwards of four hours, at the end of which time the French Chargé d'Affaires repeated his intention to interrupt his relations, intimating that probably His Highness would hear further on the subject from Baron Sallard, the Envoy who was sent to Tunis in 1866 with an ultimatum, and whom he therefore supposed will be charged with a similar Mission on the present occasion.

To the Bey's desire that I should advise him how to act under circumstances so unexpected and perplexing, I replied that it did not appear that the French Government had authorized the line of conduct pursued by its Representative, since he was only instructed, according to the extract he had read from the despatch he had received that very morning, to ascertain from His Highness whether he agreed to the formation of a Financial Commission, but that on finding that His Highness accepted the scheme in principle, but demurred to the conditions, he endeavoured to enforce their acceptance by resorting first to persuasion, and afterwards to intimation. That I conceived it would be prudent to address a letter to M. Botmihau referring in brief to what had occurred in the interview of to-day, stating that he had accepted the scheme in principle but that as to the conditions he was waiting for the decision of the three friendly Governments to whose consideration they had been already submitted according to agreement; and requesting him to transmit a copy of his letter to his Government in explanation of his motives for desiring that the three Governments should acquaint him with their opinion before he proceeded to the formation of the Financial Commission in question. His Highness concurred in opinion as to the urgency of giving every possible explanation to the Government of the Emperor, but expressed his apprehension that M. Botmihau would not receive a communication from him that was likely to satisfy it with regard to the integrity of his intentions.

His Highness complained with much emotion that that all his efforts hitherto to

reconcile the French Representatives had constantly failed, because every concession made with that scope only served as a prelude to other demands—that they had ceased to treat him as a Prince—be it by their personal comportment, humiliating to him, in the presence of his servants, or by their language, full of menaces and threats, conveyed in terms calculated to wound his feelings both as a man and as a ruler, that in the interest of a friendly understanding with France, he had submitted to this treatment, pushed to its utmost limit, without actually striking him, that such an existence had become unbearable, the more so as without the friendly good offices of other Governments, particularly that of Great Britain, he had not the means to subvert his wretched position to the appreciation of a just and generous Government like that of the Emperor's, which would protect him from the incessant demands of its Agents here, whose representations it was evident were of a nature to impress it unfavourably towards him.

The apprehensions of the Bey in this respect are well founded. It was in consequence of M. Botmihau's reports on the state of Tunisian affairs that the Emperor had issued a Decree last year, directing an expeditionary force of 8,000 men to occupy the Regency. Other questions intervened to suspend its execution, but M. Botmihau now appears resolved either to produce complications that will oblige his Government to resort to so extreme a measure, or compel the Bey to surrender his autonomy and the administration of his country to a Commission, ostensibly for financial purposes, but in reality for separate political objects, which cannot be easily overlooked by the great Powers, which have an interest that the Eastern question should no more originate in Tunis than on the Danube, for if one powerful neighbour attempts to justify an annexation on the ground of political exigencies, there is no reason why another should not follow the example on a similar plea.

In conclusion, I may venture respectfully to advert to the announcement made by the French Chargé d'Affaires, that bankers and capitalists were expected to arrive in the course of next week. With what intention it is not stated, but it is to be presumed that it is not unconnected with some previously-concerted plan to pay the local conversions and floating debt, and by thus eliminating the question arising out of the claims of British and Italian creditors, overcome our pretension to be represented in the Financial Commission, rendering it thereby still more exclusive, and giving it greater facilities for working out aims that require no elucidation. If such should be the unwavering object, there still remains the political question involved in the scheme, and in the satisfactory solution of which all the great Powers must feel equally interested.

The Bey has communicated these unfortunate occurrences to the Representatives of Italy and Prussia, for the information of their Governments, in the hope that they will co-operate in a friendly manner to prevent the disaster with which M. Botmihau has threatened him in a moment of great personal irritation, and which he would not have perhaps done had he allowed himself time for reflection.

The Bey has assured me, in the most explicit way, that up to the present moment he has not signed nor affixed his signature to any document having a reference to or confirming the scheme in question, and I beg to make this observation because M. Botmihau is endeavouring to give to it the character of a formal Decree emanating from His Highness, which, had it been the case, would have precluded the necessity of any further discussion, and would have rendered superfluous the letter which he demands with such persistence.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure in No. 42.

Protest of the Italian Representative.

(Translation.)

ALTHOUGH the formal assurances repeatedly given to me by His Highness are such as to exclude every suspicion that any measures will be adopted in this Regency compromising Italian interests, nevertheless, telegraphic orders having reached me yesterday from the Government of my august Sovereign, it is my duty to protest in writing as I have had the honour of repeatedly doing in a verbal form, against the institution of a Mixed Financial Commission, whose bases should not be established in concert with all the Parties interested; and to declare explicitly to your Highness that

the King's Government keeps you solely responsible for the fulfilment of the obligations which you have freely assumed by solemn contracts towards Italian merchants. I feel confident that your Highness will take into serious consideration these my formal declarations, which are only dictated by the necessity of protecting the interests entrusted to my care, and upon which the excellent relations which have hitherto existed may continue in future between the Government of your Highness and that which I have the honour to represent.

I beg of your Highness to acknowledge the receipt of this letter, and I have the honour to be, &c.

(Signed) G. L. PINNA.

No. 43.

Mr. Wood to Lord Stanley.—(Received May 4.)

(No. 20.)

My Lord,

Tunis, April 25, 1868.

IN continuation of my despatch No. 19 of yesterday's date I have the honour to state, that the Bey having addressed a letter to the French Chargé d'Affaires with regard to what has occurred for transmission to the French Government, he has twice refused to receive it, thereby putting it out of his Highness's power to offer any explanations to the Marquis de Moustier as to the motives which made him desirous to wait for the decision of the Governments of Great Britain, France, and Italy before he sanctioned the formation of the Financial Commission, which scheme, however, he has accepted in principle.

His Highness has desired me to acquaint your Lordship with M. Botmihau's refusal, which debars him from offering the explanations that are due to the Emperor's Government under existing circumstances.

I have, &c.
(Signed) RICHARD WOOD.

No. 44.

Sir A. Paget to Lord Stanley.—(Received May 4.)

No. 133.

My Lord,

Florence, April 30, 1868.

COUNT MENABREA informed me last evening that the French Minister had read to him a despatch from his Government respecting the financial affairs of Tunis. His Excellency said it was extremely vague and unsatisfactory; but further than this he did not give me any details. He informed me, however, that he had been very frank in his own declaration to Baron de Malesherbes; that the Italian Government could not consent to the formation of the Commission on the terms agreed by France; that they could not agree to give their Consul General instructions to hold his hand while the French Chargé d'Affaires was using his influence to get the Bey to adopt French views, and that, above all, they intended to act in entire concert with Her Majesty's Government upon the question at issue.

I have, &c.
(Signed) A. PAGET.

No. 45.

Lord Stanley to Mr. Wood.

(No. 6.)

Sir,

Foreign Office, May 4, 1868.

I HAVE received your despatches Nos. 19 and 20 of the 24th and 25th ultimo, reporting the proceedings of the French Chargé d'Affaires in regard to the formation of the proposed Financial Commission, and the conversation which you had with His Highness the Bey on the subject; and I have to acquaint you that I approve your proceedings on that occasion.

I am, &c.
(Signed) STANLEY.

No. 46.

Lord Stanley to Lord Lyons.

(No. 290.)

My Lord,

Foreign Office, May 4, 1868.

I TRANSMIT to your Excellency herewith a copy of a despatch from Mr. Wood, as marked in the margin,* in continuation of his despatch No. 19 of the 24th ultimo, respecting the question of Tunisian finances, which I received from your Excellency under flying seal.

I am, &c.
(Signed) STANLEY.

No. 47.

Lord Stanley to Sir A. Paget.

(No. 72.)

Sir,

Foreign Office, May 4, 1868.

I INCLOSE, for your information, copies of despatches as marked in the margin† upon the subject of the financial affairs of Tunis.

I am, &c.
(Signed) STANLEY.

No. 48.

Lord Stanley to Lord Lyons.

(Telegraphic.)

Foreign Office, May 4, 1868.

YOU may deliver officially to M. de Moustier a copy of Mr. Wood's No. 19, as he throws doubt on the accuracy of Wood's telegram.

No. 49.

Lord Stanley to Lord Lyons.

(No. 290.)

My Lord,

Foreign Office, May 4, 1868.

I HAVE received your Excellency's despatch No. 427 of the 1st instant, giving an account of your conversation with M. de Moustier on the question of Tunisian finances.

As his Excellency appears to entertain some doubts with reference to the accuracy of Mr. Wood's statement as contained in his telegram of the 27th ultimo, I have to instruct your Excellency to deliver to M. de Moustier officially a copy of Mr. Wood's despatch No. 19 of the 24th ultimo, which I received from your Excellency under flying seal.

I am, &c.
(Signed) STANLEY.

No. 50.

Lord Lyons to Lord Stanley.—(Received May 5.)

(Telegraphic.)

Paris, May 5, 1868.

M. DE MOUSTIER sends to Prince de la Tour, for communication to your Lordship, detailed information respecting occurrences at Tunis. I defer communicating Mr. Wood's No. 19 until I receive further instructions from your Lordship.

No. 51.

Lord Stanley to Sir A. Paget.

(No. 73.)

Sir,

Foreign Office, May 5, 1868.

I INCLOSE, for your information, copies of despatches as marked in the margin* upon the subject of the present state of affairs at Tunis.

I am, &c.
(Signed) STANLEY.

No. 52.

Mr. Wood to Lord Stanley.—(Received May 6.)

(No. 22.)

My Lord,

Tunis, April 28, 1868.

I HAVE the honour to inclose, herewith, a translation of the note which the Bey has addressed to the foreign Representatives accompanying his Highness' utter to the French Chargé d'Affaires with reference to the peremptory demand which that gentleman had verbally made on the 24th instant and the refusal of which has induced him to suspend his diplomatic relations with the Tunisian Government. Although the letter was sent to him three different times, he would not receive it.

Having acquired the certainty that the proceedings of M. Botmilian were not borne out by his instructions, and that, in fact, by striking his flag he had superseded the action of his Government as well as that of the other Governments in communication with it relative to the projected Financial Commission, I waited upon the Bey to ascertain whether his Highness had any official channel through which he could convey to the Marquis de Moustier the explanations which his subordinates here declined to receive for the information of his Excellency.

It occurred to me, likewise, that, in the event the French Government should not approve of the attitude assumed by its Representative, it would still experience some embarrassment as to the means by which matters could be placed upon the footing they previously stood, with due regard to its dignity, unless the Bey took the initiative in opening a door to a solution of the new difficulty that has been created, not, however, without some premeditation on the part of those who were bent upon coercing the Bey into submission or of attaining the same object by precipitating matters.

It was, therefore suggested that General Count Rasso, son of the late Minister for Foreign Affairs, and an officer of distinction in his Highness's personal staff, should proceed to Paris to submit these regrettable occurrences to the just and impartial appreciation of the Emperor's Government, to express the Bey's profound solicitude to maintain the most friendly relations with it, and to declare his acceptance of the Commission in principle, but to request that he should not be required to concede to it attributes and powers destructive of his autonomy. And furthermore to represent that were the present project enforced, it would be equivalent to the abdication of his position of a Ruler, inasmuch as his Highness would be reduced to a mere agent to execute the measures and instructions of the Commission. Such a position would not only be incompatible with the dignity and duties of a Prince, but would also render impossible the due performance of his Treaty stipulations with foreign Powers.

It was objected that M. de Moustier might decline to admit the Bey's envoy even to a private audience, but the objection was overruled by the remark that the rejection of the Bey's overtures would be significant of the action which the French Government intended to take with reference to the Regency, the Mission would not be altogether without some utility. Count Rasso will, therefore, leave unostentatiously.

to-morrow for Paris by way of Turin, where he has also some private business to attend to.

In the course of conversation, the Bey said that, amongst other menaces, the French Chargé d'Affaires stated to him that his Highness may shortly expect his expulsion, as well as that of all the members of his family and Court, from the Regency, and the confiscation of their property.

The Bey likewise observed, with great truth, that the demand of the French Representative that his Highness should address a formal letter either to M. de Moustier or to himself, conveying his adhesion to the Financial Commission, and embodying the eight Articles, had for direct object to give to it the force and character of an international engagement with France. The Commission would be no longer a Financial Department forming part of the general governmental system, but an independent foreign institution, administering the internal affairs of the Regency through the public revenues, and were he, therefore, to agree to and sanction an institution which originated in, and was protected by, an international engagement, it would virtually amount to the abdication of his Throne: and he added emphatically that rather than submit to so much degradation he would prefer to withdraw from a country which would morally become a dependency of another Power. He has expressed his resolution to do so to the French Chargé d'Affaires, through the American Consul-General, unless M. Botmihau relinquished the course of coercion to which he has unhappily resorted for enforcing inadmissible pretensions.

Although it is impossible to suppose that the Emperor's Government will act otherwise than in a friendly spirit in a question which, after all, only relates to a financial measure to be adopted in a foreign State, nevertheless I may be permitted to state, from my knowledge of the Bey's character, that he is perfectly capable of carrying out his resolution, in which case complications of the gravest description will inevitably arise.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure 1 in No. 52.

The Bey of Tunis to the Foreign Representatives.

(Translation.)

4 Muharrem, 1285.

THE honourable French Consul came on Friday last to confer on the subject of the Financial Commission which we had determined to form, and about which nothing has hitherto been decided with regard to its organization.

We have treated with all the courtesy that the circumstances required, and have declared to him that we did not recede from the principle of forming the Commission, and that the only motive of our suspense was owing to what he had informed us, namely, that the friendly Governments had turned their attention to the arrangements relative to the organization of the Commission, upon which was based the answer we had given to the Representatives of the friendly Governments.

He would not accept such an answer, and his last words were: "either you give me an official sanction to the organization of the Commission, or I shall interrupt my communications and intercourse."

On his return home we have addressed to him a letter, copy of which we beg to transmit, with the object of safeguarding the amity of the great and friendly Government of France—an amity which, however, cannot be altered by what has happened. He returned the letter sealed, but we ordered that it should be sent back to him twice over, but did not accept it, and we have also to regret the notification which he has sent to his Agents (to strike their flags).

We inform you of this, that you may know that we have given no motive for what has happened.

(Signed) MOHAMMED EL SADDOK

Inclosure 2 in No. 52.

The Bey of Tunis to the French Chargé d'Affaires.

(Translation.)

April 24, 1868.

THE first and second conferences which you held with us to-day, the substance of which was your official demand, in a persisting manner, that we should write what would be equivalent to an engagement to maintain certain specified conditions regarding the Financial Commission, and that if we did not write it to you, you would suspend your correspondence and verbal communications with us; adding that your great Government would send no other Consul after you. Such a Conference has kept us ever since under a deep impression; for we could never suppose that the Representative of that Government in whose friendship we place so much reliance could adopt such a step towards its friend. The more so as we do not refuse in principle to form the Financial Commission on the subject of which private and amicable interviews have been held with you, but we have not ceased to be determined upon instituting it, and all that has occurred only tends to come to an understanding upon the principles of its organization in a way which is to cause no inconvenience, particularly as we had already explained to you the points upon which the friendly Governments had based their opposition on the subject.

We have explained it to you in a satisfactory manner, and have communicated to you what they have been writing to us, and we have also requested of your great Government through your good offices, to grant us its support for attaining our scope, without causing any embarrassment to us in the affair, to which you had replied, that as the principle of forming a Commission had been assented to, and our project for forming it had reached your Government through your means, the only thing that remained to be done was to come to an understanding with the friendly Governments who objected to the Articles which you had proposed, adding, that whatever should be established by them should be acted upon accordingly. You have, moreover, suggested to us that this was the best answer to be given to the opposing parties. Relying ourselves upon this, we have answered the Representatives of the friendly Governments in that sense, and this is the reason of the deep impression caused by the Conference you held to-day, because it is an object of great solicitude for us to preserve good harmony with your great Government, as well as to maintain its friendship. We deeply regret that anything like what has happened should occur between us and its Representative, although it in no way diminish our amicable feelings towards it, nor the reliance which we place in it; as we should equally regret (which God forbid) that the French Government should decline to take the matter into consideration, in order to bring it to a settlement.

We have written to you this letter as a proof of that friendship and reliance in your Government which nothing can alter; and we trust that what, through good offices, your great Government shall receive communication of this our letter, it will be convinced that the principal scope of its friend is that of maintaining its friendship. He is glad of, and even demands, its favourable support in such matters with the friendly Governments in such a way as to preserve an understanding in the object in view, feeling certain that it will exert its aid to its friend for the attainment of it.

(Signed) MOHAMMED EL SADDOK.

No. 52

Lord Lytton to Lord Stanley.—(Received May 6.)

No. 436

My Lord

Paris, May 5, 1868

THE Marquis de Moustier told me the evening before last that he had received from M. de Botmihau, the French Chargé d'Affaires at Tunis, despatches containing a full account of the occurrences which had led to his suspending his relations with the Bey. He went on to say that these despatches were written in a very spirit, and showed by stating the real objects of the transactions with the Tunisian Government that he should send them immediately to the Prince de la Tour d'Auvergne to be communicated to your Lordship.

M. de Moustier proceeded to give me an account of the negotiations; but as he told me that he should himself send the same account in writing to the Prince de la Tour d'Auvergne for your Lordship's information, I will not attempt to repeat it in detail from memory. The substance of what I understood M. de Moustier to say was, that the Bey had in the beginning communicated spontaneously to the French Chargé d'Affaires two Decrees, the one for the conversion of the Tunisian debt, the other for appointing a Financial Commission; that on those Decrees being forwarded to Paris, M. de Moustier had objected altogether to the first, and had refused to allow any money to be raised for the Tunisian Government in the Paris market unless on proper conditions and with proper guarantees as to the administration of the finances; that he had suggested some amendments of the second Decree with a view to making the Commission more efficient and more capable of exercising a real control over the finances; finally that, in consequence probably of the line taken by the British and Italian Agents, the Bey had drawn back from the assurances he had spontaneously given to France, and that M. de Botmiliau, after having in vain, during an audience of four hours, endeavoured to bring the Bey to reason, had thought that his dignity required that he should suspend relations with His Highness until he received further instructions from Paris.

Having concluded his account of the occurrences at Tunis, M. de Moustier observed, that a recent communication from Florence led him to conjecture that the Italians might themselves have done the very thing of which they accused the French, that they had in fact made a private and separate arrangement with the Bey, by which the claims of their own subjects would be given an undue preference over those of the other creditors of the Tunisian Government.

I told M. de Moustier that I had not had any reason to suppose that the Italians had made any separate or secret arrangement with the Bey.

There were, no doubt, I said, in Tunis, particular claims for which particular branches of the revenue had been assigned as security; there were, I knew, permits for the exportation of oil and wool, which had been delivered by the Tunisian Government, in pursuance of an arrangement for the conversion of the floating debt, and which were held by Englishmen, Italians, and (I supposed) other foreigners. All legitimate engagements, such as these, must of course be respected by any Commission which should take charge of the administration of the finances.

I observed to M. de Moustier, in conclusion, that the best way to put an end to the unfortunate state of things at Tunis would be for England, France, and Italy, to settle at once the terms of the financial arrangements to be recommended by them jointly to the Bey; that things seemed to get daily worse, while we were merely talking the matter over.

M. de Moustier assented to this observation.

This conversation took place the evening before last, as I have already said. Last evening I received your Lordship's telegram authorizing me to give a copy to M. de Moustier of Mr. Wood's despatch No. 19 of the 24th ultimo. As your Lordship's telegram only gives the permission to do this, I have thought it better to wait until I hear from your Lordship, after you have received the communication which the Prince de la Tour d'Auvergne is to make to you of the reports received by M. de Moustier from the French Chargé d'Affaires.

Since I wrote what precedes, I have received a visit from Count de Golts, the Prussian Ambassador, who has told me that on the day before yesterday he made, by order of his Government, a representation to the Marquis de Moustier respecting the financial question at Tunis.

M. de Moustier appears to have given M. de Golts, at some length, an account of the affair from the beginning, and to have appeared willing to consult Prussia as well as England and Italy respecting the Financial Commission, provided that it should be shown that German interests of sufficient importance were involved.

M. de Golts said to me, that there were considerable claims on the Tunisian Government preferred by inhabitants of Frankfort, and that Prussia was particularly anxious to give efficient protection to the interests of that city. He added, that he was about to make a report to his Government of what had passed between himself and M. de Moustier.

I made M. de Golts acquainted with the substance of the answer which was returned by your Lordship to the communication made by the Prince de la Tour d'Auvergne, on the 25th ultimo, and which is recorded in your despatch to me No. 281 of the 28th ultimo; and I said that your Lordship had then stated your opinion that if the interests of German subjects in the question were of sufficient importance, Germany,

as well as England, France, and Italy, should be equally represented in the Commission. I begged M. de Golts to urge upon his Government the importance of bringing the matter at once to a practical conclusion, as every day's delay appeared to increase the risk of its becoming seriously embarrassing.

I have, &c.
(Signed) LYONS.

No. 56.

Lord Stanley to Lord Lyons.

(No. 299)

My Lord,

Foreign Office, May 6, 1868.

I HAVE received your Excellency's despatch No. 436 of the 5th instant, respecting the question of Tunisian finances, and I entirely approve of the language which your Excellency has held both to the Marquis de Moustier and to M. de Golts on this subject, as reported in that despatch.

I am, &c.
(Signed) STANLEY.

No. 57.

General Menabrea to Count Maffei.—(Communicated to Lord Stanley by Count Maffei, May 8.)

(Télégraphique.)

Florence, le 7 Mai, 1868.

LE Gouvernement Français me fait dire par son Représentant à Florence qu'il est entièrement d'accord avec l'Angleterre sur la question Tunisienne. Cette assertion ne coïncide pas précisément avec d'autres informations d'après lesquelles Lord Stanley n'aurait pas approuvé les démarches que M. Botmiliau avait ordre de faire à Tunis, tandis que la dite question se traite à Paris entre l'Angleterre, l'Italie, et la France. Je dois par conséquent vous informer que notre intention est de marcher d'accord avec l'Angleterre, et à l'instance que m'a fait M. le Baron Malaré d'inviter notre Consul à ne plus faire d'opposition à la promulgation du Décret ou Convention émise par le Consul de France, j'ai répondu que je ne prendrai aucune résolution avant d'avoir éclairci cette affaire, dont le Chevalier Nigra était chargé à Paris. Il serait donc à désirer que notre Ministre à Paris s'entende particulièrement avec Lord Lyons à ce sujet.

No. 58.

Lord Lyons to Lord Stanley.—(Received May 8.)

(No. 448.)

My Lord,

Paris, May 7, 1868.

THE Chevalier Nigra, the Italian Minister here, read to me yesterday a despatch from General Menabrea respecting the financial question at Tunis. The General instructed M. Nigra to act in concert with me in the matter, and pointed out that the several countries interested should be equally represented in the proposed Commission, and that rights already acquired should be respected. He stated finally that the proper basis of the negotiation would be that while the question was being discussed by France, England, and Italy, at Paris, France, as well as the other Powers, should abstain altogether from treating upon it separately with the Bey of Tunis.

I have, &c.
(Signed) LYONS.

Lord Lyons to Lord Stanley.—(Received May 8.)

No. 450.)

My Lord,

Paris, May 7, 1868.

THE Marquis de Moustier told me this afternoon that he had seen General Count Ruffo, who had been sent from Tunis by the Bey to explain the recent occurrences, and General Rustem, the Bey's Minister of the Interior, who had been some little time in Paris. He said that these gentlemen had appeared to be much alarmed, but that he had received them very kindly, and had told them that there need be no difficulty in passing the relations between the Bey and the French Government on a friendly footing. There was, he had said to them, no practical question at issue, but there was a serious moral question which concerned the dignity of France. The Bey had withdrawn a promise which he had made to France. This France could not tolerate, her honour required that the promise made to her should be kept. Let the Bey perform what he had promised, and if on reflection he found that he had been imprudent in making the engagement, let him appeal to France to relieve him from the evil consequences he dreaded. What in fact was the principal inconvenience which His Highness apprehended? The dissatisfaction which might be felt by England and Italy at the terms of the financial arrangements which he had promised France to make. But France was quite ready to enter into concert with those Powers, and to come to an understanding with them on the arrangements to be definitively made. Indeed, communications with those Governments on the subject had already been successfully commenced. The Bey professed to be desirous of taking any steps that were recommended by the three Powers. This would be all that he would in fact be called upon to do. A moral satisfaction must, however, be given to the dignity of France. The promise given to her must not be withdrawn, but in declaring his readiness to perform it, the Bey might ask for her aid to prevent his being brought into difficulties.

M. de Moustier added that Count Ruffo and General Rustem had appeared to be very much relieved, and had expressed their gratitude in warm terms.

His Excellency said in conclusion that he was ready to enter upon the discussion of the composition of the proposed Commission and its functions as soon as I pleased. I answered that I was entirely at his orders, and that I thought the sooner we began the better. He observed that it would probably be unnecessary that we should go personally into all the details; that he should rather be disposed to authorize an officer of his Department to confer upon those with a member of the Embassy deputed by me.

I shall use my best endeavours to bring the matter to a conclusion as speedily as possible, and shall communicate with my Prussian and Italian colleagues on the subject. I venture to ask your Lordship to send me any further instructions which may be necessary for my guidance.

I have, &c.
(Signed) LYONS

No. 60.

Mr. Wood to Lord Stanley.—(Received May 11.)

No. 23.)

My Lord,

Tunis, May 1, 1868.

WITH reference to my despatch No. 18 of the 11th of April, giving cover to a Memorial presented by some of the British merchants praying that Her Majesty's Government will be pleased to protect their interests in this country, I have the honour to inclose herewith a copy of another Memorial signed by highly respectable British houses in their behalf, as well as in behalf of their correspondents abroad, who have entered into the second Conversion, known here under the name of the Conversion of the 1st of August, 1867, representing a sum of 10,000,000 francs, and which had, in operation, they now apprehend, will be seriously prejudicial by the establishment of the projected Financial Commission.

The observations which I ventured to submit to your Lordship's consideration in my despatch of the 11th of April, and which formed the basis of the Memorial, apply likewise to the present one. Both Conversions, the first amounting to 22,000,000 francs, were undertaken for the purpose of affording time to the Tunisian Government to progress in liquidating its liabilities, and the contracts entered into between it and its foreign creditors were of

such a binding character as to have led the former to confide in the good faith and integrity of the latter, more especially as amongst other securities a stamp duty was expressly established to meet the interest upon the 10,000,000 francs, and which duty is administered by the trustees of the Conversion. The Memorialists, however, have since acquired the certainty that one of the principal objects to be accomplished by the projected Financial Commission is the withdrawal of the material guarantees given to the Conversions, their amalgamation with other nominal securities, and the redistribution of their aggregate amount for the payment of capital and interest of the whole indebtedness of the Tunisian Government. By this scheme, in lieu of the liquidation of their credits in about six years, it is calculated it would extend over a period of thirty years, and the interest would be besides considerably reduced in favour of the French bondholders of the Tunisian Loans of 1863 and 1865.

Under these circumstances they earnestly pray that Her Majesty's Government will be moved to efficaciously protect their material interests in this Regency, which they have just reason to apprehend it is meditated to seriously compromise and injure through the action and agency of a foreign Financial Commission, from the deliberations of which it is intended to exclude them.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure in No. 60

British Merchants at Tunis to Mr. Wood.

Sir,

Tunis, April 8, 1868.

THE undersigned British subjects have the honour to state that in 1860 they were holders of bonds for considerable sums of money advanced to the Tunisian Government both for their own account and for that of their correspondents, British subjects also, in foreign countries. At maturity these bonds were only paid in part, and as the interest on them was not subsequently paid with any regularity, they were induced to accept from the Tunisian Government an arrangement which to them, as well as to you, seemed the most satisfactory under the circumstances.

Their bonds were converted into others, payable in francs, at 12 per cent. interest per annum (so as to extinguish the capital in the course of about six years) every six months. As a security both for the repayment of capital and interest, several free branches of revenue were hypothecated in their favour, amongst others the stamp duty to be expressly established, and all the export duties excepting those on oil, wool, soap, and dates, already mortgaged for other debts; and as a further security, the administration of the last-mentioned two branches of revenue, and the collection of the other, was confided to six European gentlemen resident in Tunis. The negotiations for this conversion commenced on or about the latter part of April 1867, and the contract with the Tunisian Government was signed on the 20th July, 1867, and was published on the 31st.

The above arrangement was called the Conversion of the 1st of August, 1867, and its amount was fixed to 10,000,000 francs, partly owing to the Tunisian Government and partly to subjects of other nations. Besides the above, the contract of the 20th July, 1867, contains other clauses for the better protection of the interests of the Underigned and of the others interested in the Conversion.

The Tunisian Government did not lose time, in pursuance of the terms of the contract, in putting the above six gentlemen (the Trustees) in the material possession of permits of exportation of produce, of a large stock of stamped paper, and of drafts on the different farmers for paying into their hands the revenues hypothecated.

Before the first instalment on the capital and the interest became due, the Tunisian Government entered into other contracts with foreign parties, of whom nothing then was known in Tunis, ostensibly for the conversion of the Foreign Tunisian Indebtedness, but the Underigned have reason to know that the reconversion of the debt already converted in Tunis was also contemplated. In consequence, however, of several circumstances which afterwards came to light, the opposition of the creditors, and the consequent remonstrances of the French Government, the Tunisian Government deemed it advisable to recall its Decrees, and this attempt to deprive the Underigned of their securities fell to the ground.

It is not, however, without surprise that in the last few days the Underigned have acquired the positive knowledge that the Tunisian Government had come to the

determination of appointing a nominally-mixed Commission, but mostly composed of French subjects, ostensibly for the regularization of the Tunisian finances, but in reality for the unification of all its indebtedness, and the amalgamation of all the securities held by the Undersigned, the reapportioning of them in the way it might think proper, and for other objects the carrying out of which would involve a most flagrant violation of the spirit and letter of the Bey's solemn engagements with the Undersigned, and the deprivation of the material guarantees which they hold for the security of their important claims, and which securities they accepted in good faith. The Undersigned do not deny the right of the Tunisian Government to regularize its finances, but they do, and most emphatically, deny the right of the Tunisian Government to annul, without their consent, the arrangements which both parties, and to the prejudice of no one, they willingly and of their own accord, entered into. To deprive them, and dispose of the guarantees given to the Undersigned and in spite of their remonstrances, would be an act of spoliation unheard of and without example against which they cannot too strongly protest, both in their names and in that of their correspondents abroad. The Government has reserved to itself the right of paying the bondholders at any time before the expiration of the six years. It has thereby acknowledged that it was only by paying, and by no other means, that it could release the revenues it had mortgaged.

The Undersigned have taken the liberty of submitting their case to your serious consideration, and they feel confident that no efforts will be spared by you, both here and in England, for the preservation of their rights in this, as in every other instance, brought to your knowledge. They also take this opportunity for thanking you most sincerely for the interest you have taken on their behalf, and on behalf of commerce in general, in preventing, by your successful and most just and laudable opposition, the inundation of this country with a valueless paper money, which it was the intention of the Government to issue through a bank in which no one placed any reliance.

The Undersigned, &c.

(Signed) M DJ ABEASIS
M LEVY AND CO., GUTTIERES
LORENZO AZZOPARDI.
M AZUELOS
G. ATTARD.
Per procura della Vedova Maria Pace,
MICHEL ANGELO AGUIS.
Per commissione di Giorgio Caruana, essendo Illetterato,
FCO. ZAMMIL.
M PISANI

No 60*.

Lord A. Loftus to Lord Stanley.—(Received May 11.)

(No. 235.)

My Lord,

Berke, May 9, 1868.

I HAVE had some conversation with Baron Thile on the subject of the differences between the French Consul-General and the Bey of Tunis with reference to the proposed Commission for the arrangement of the Tunisian finances, and I have communicated to his Excellency the substance of your Lordship's several despatches on this subject.

Baron Thile informed me that the Prussian Government had lately received application for assistance and protection from German capitalists who were deeply interested in this matter, especially from M. Franger of Frankfurt, and that the amount of German capital at stake in the Regency of Tunis exceeded 4,000,000 francs.

An instruction had been accordingly addressed to Count Goltz, the Prussian Ambassador at Paris, directing him to confer with the Marquis de Montier on the question, and to claim that Prussia should be represented in any Commission appointed for regulating the financial affairs of the Regency.

Count Goltz will further be instructed to confer with Lord Lyons and to act in concert with his Excellency on this question.

I have, &c.
(Signed) AUGUSTUS LOFTUS.

No. 61.

Sir A. Paget to Lord Stanley.—(Received May 13.)

(No. 144. Confidential.)

My Lord,

Florence, May 8, 1868.

HAVING met my French colleague at dinner two or three days ago, we exchanged a few words respecting what was now passing between our Governments and the Italian Government respecting Tunisian affairs.

Baron Malaret informed me that he had received a telegraphic despatch from M. de Montier describing the exact position of things, and what it was the French Government desired. The French Government had, he said, no wish to obtain any exclusive advantage for French claimants; that they were most desirous of coming to an understanding with the English and Italian Governments upon the future arrangements to be made for the benefit of all the foreign creditors; but that the Bey, having spontaneously made an appeal to France, and having offered to issue a Decree instituting a Financial Commission, it did not become the dignity of France that this appeal should now be set aside. The French Government, therefore, desired the signature of the Decree, although no action should be taken upon it and it might remain a dead letter.

It was, indeed, only a question of *amour propre* with his Government, and having obtained satisfaction on this point his Government, he was authorized to say, would undertake that nothing should be done in regard to the future financial arrangements, either in reference to the formation of the Commission, or in any other respect which had not been concerted with the Governments of Great Britain and Italy.

Baron Malaret proceeded to say that M. de Montier had expressed himself as highly satisfied with the conciliatory spirit shown by your Lordship in reference to this matter, but Count Menabrea, to whom he, in virtue of his instructions, had recently made a communication in the above sense, was less accommodating. There was no reason why this affair should assume any importance, but it might, and probably would do so, if it were sought to place his Government—who, in view of the effect it would have in Algeria, could not afford to suffer a check ("recevoir un échec")—in a false position.

Baron Malaret thought, therefore, that I should do well to speak to Count Menabrea, who met all his representations by saying he was acting entirely in concert with the British Government—and induce him to be more moderate and conciliatory.

I told Baron Malaret that I had no instructions whatever from your Lordship on the affair in question, and consequently I did not anticipate that any good would come of my speaking to Count Menabrea in the sense indicated.

I said that I did not believe that any one wished to lower the position of the French Government in the estimation of the Bey of Tunis, but that I could not help thinking that the French Agent in Tunis had rather needlessly gone out of his way to seek for a reverse.

I was speaking, I said, entirely without instructions, but my impression was, that Her Majesty's Government was anxious upon two points: first, that the interests of British subjects should not suffer by a subtraction of the guarantees which had been given them for the security of their property; and secondly, that by the future arrangements to be made, the Regency of Tunis should not become a kind of dependence upon France.

Baron Malaret disclaimed in the strongest terms any such wish on the part of his Government, referring to the case of Algeria as affording but slight encouragement to ambitious views on the African coast; and he repeated the most earnest protestations as to the desire of his Government of settling the present affair in a liberal spirit with the Governments of Great Britain and Italy.

I have, &c.
(Signed) A. PAGET

Sir A. Paget to Lord Stanley.—(Received May 13.)

(No. 145.)

My Lord,

Florence, May 9, 1868.

IN the course of the interview which I had yesterday with Count Menabrea on other business, his Excellency inquired whether I had received any recent news as to the negotiations respecting the affairs of Tunis, and on my replying in the negative, his Excellency proceeded to inform me of the communication he had recently received from the French Minister upon this subject.

His Excellency's account agreed in substance with that which was given me by Baron Malaret, and which is reported in my immediately preceding despatch.

Count Menabrea said, that there was a great deal of contradiction between the language and the conduct of the French Government.

In Paris, London, and Florence, we were told that the French Government only desired to come to a fair arrangement with the Governments of Italy and England respecting the affairs in question; but at the same time the French Agent in Tunis was pursuing a line of conduct totally at variance with such professions, exercising the utmost pressure upon the Bey, in order to secure the appointment of a Commission exclusively in French interest, and finally breaking off his relations because the Bey would not consent to what was required of him.

Count Menabrea continued, that he would not budge from the position he had taken up from the first, viz., not to consent to an arrangement by which the interests of Italian creditors would suffer the slightest injustice. He was quite ready to negotiate at Paris respecting the arrangements to be made; but he could not undertake in the meantime to give the Italian Consul-General instructions to cease his opposition to the one-sided arrangement sought to be forced upon the Bey by France.

It was impossible to negotiate at three places, Florence, London, and Paris, at the same time; and he had consequently sent a detailed instruction to Chevalier Nigra, who, as the interests of Italy and England were identical in this affair, was to communicate with Her Majesty's Ambassador in Paris, and act entirely in concert with him.

All this, his Excellency informed me, he had said to Baron Malaret, to whom he added the observation, that if M. de Moustier was satisfied with the conciliatory spirit which was manifested by your Lordship, he would have no reason to be less satisfied with that of the Italian Government, provided equitable terms were proposed; for that all that they desired was an arrangement which should secure the acquired interests of the Italian creditors.

Count Menabrea was evidently much annoyed by the tone in which he had been spoken to by the French Minister on the occasion referred to. He told me, that one of the things said by Baron Malaret was to the effect that France was quite strong enough, if she chose, to force the acceptance of her own views in this question; to which his Excellency said, that he had replied that no one ever doubted the force of France, and if this was to be the argument employed, he had nothing more to say; but that what he had hitherto understood to be the avowed desire of the French Government was, to arrive at an arrangement founded on equity and justice, and on this basis only he was prepared to treat.

I have, &c.
(Signed) A. PAGET

Lord Lyons to Lord Stanley.—(Received May 13.)

(No. 405.)

My Lord,

Paris, May 12, 1868.

IN my despatch No. 440 of the 7th instant, I had the honour to inform your Lordship that the Chevalier Nigra, the Italian Minister here, had read to me on that day a despatch from General Menabrea on the subject of the financial question at Tunis. Three days ago M. Nigra told me that he had thought it advisable to communicate the contents of this despatch to the Marquis de Moustier in writing, and he proceeded to read to me a note which he had received from M. de Moustier in reply.

The tone of M. de Moustier's note did not appear to be cordial. It stated that there were two entirely separate questions to be considered. The one was between

France and the Bey of Tunis, and related to engagements contracted by the Bey with France. This was a question of honour and dignity on which France must act alone. The other question related to the effect which these engagements, if carried into effect, might have on Italian interests, and upon this point M. de Moustier was quite willing to treat with the Government of Italy. He could not accept the basis laid down by General Menabrea, that France as well as the other Powers should abstain from treating these matters with the Bey of Tunis. By insisting on this basis and endeavouring to counteract the efforts of France to settle with the Bey the question affecting her own dignity, General Menabrea would only add to the difficulty of making a satisfactory settlement of the other question.

I have kept M. Nigra informed of all that I have done in this matter; and after he had finished reading the note to me I gave him an account of the conversation which I had with M. de Moustier on the 7th instant, and of which a report is contained in my despatch No. 450 of the same day.

I have, &c.
(Signed) LYONS

Lord Lyons to Lord Stanley.—(Received May 15.)

(No. 469. Very Confidential.)

My Lord,

Paris, May 14, 1868.

I RECEIVED this morning a visit from Count Ruffo, the Agent who has been sent here by the Tunisian Government to explain the circumstances which led the French Chargé d'Affaires to break off relations with the Bey.

Count Ruffo said that he had been received kindly by the Marquis de Moustier, and that having done as much as he could towards coming to an understanding with his Excellency, he had intended to set out for Tunis this evening. On reflection, however, he had thought it might be better to put off his departure till Sunday or Monday, in order to be able to convey to the Bey a more complete account of the actual state of the question respecting the Financial Commission.

The Marquis de Moustier had, he said, required that, as a satisfaction to the dignity of France, the Bey should definitely issue a Decree in the terms agreed upon, and should distinctly declare to the English and Italian Consuls that any engagements contracted with France, he was not at liberty to depart from them. The Bey was, however, to be at liberty to add that he knew that the French Government had determined to concert measures with the Governments of England and Italy for the protection of all legitimate interests.

Count Ruffo observed that if the issuing of the Decree was to be merely a matter of form, the Bey would, he presumed, readily consent to it, as His Highness would certainly make no objection to waving the French flag, or to make any formal demonstrations to satisfy French punctilio. It would, however, be natural that His Highness should feel some hesitating in signing such a Decree as was demanded of him. Could he feel quite sure that he should not be called upon to execute it? Would the French Government, if already agreed with the Decree, be certain to assent to modifications proposed by England and Italy? Would not France be placed in a position to dictate her own terms? These were questions of no much importance that the Bey might well hesitate to commit himself further, unless they could be satisfactorily answered. Count Ruffo had, therefore, come to me to beg me, if possible, to set him at rest with respect to them.

I answered that all that I could say at the present moment was that M. de Moustier had repeatedly declared to me, and as I was informed, to the Italian Minister at Paris also, that he was willing and desirous to come to an understanding with our respective Governments as to the composition and functions of the proposed Commission. I was not I added able to inform him that the negotiation respecting details, which would be necessary to give practical effect to those assurances, had yet been begun.

Count Ruffo said that there were two points which he considered it essential to insist upon, in order to make the Commission tolerable to the Tunisians, and to give security to interests not French. The first regarded the composition of the Commission: the Bey, England, and Italy must each have as many representatives in it as France had. The second point related to the powers of the Commission: it must be

distinctly stipulated that it had no right to overthrow financial engagements already made by the Tunisian Government, either at Tunis or abroad. For his own part, Count Ruffo did not see any great objection to the Bey's accepting the services of a Frenchman, chosen by the French Government, to assist him in settling his finances in order. It was very necessary to have some European for this purpose, and it would be as well to take a Frenchman as a subject of another Power. It would certainly be desirable that this person should come rather in the character of an adviser than as an actual member of the Commission having a vote, if he were to be a member of the Commission, it would be essential that he should have merely an advisory vote, and that he should not be regarded as an independent member, and thus enable France to have his vote, in addition to those which she would have in equal numbers with England and Italy.

Finally Count Ruffo said that all things considered, he thought his wisest course would be to stay at Paris till Sunday or Monday, in the hope of obtaining further information.

Count Ruffo has given me a copy of a paper stating the conditions which M. de Moustier requires the Bey to fulfil in order to obtain a restoration of friendly relations with France. I have the honour to inclose a copy of it.

He particularly begs that it may not come to the ears of the French Government that he has given me this paper, or that he has had an interview with me.

I have, &c.
(Signed) LYONS.

Inclosure in No. 64.

Memorandum.

Mai 1868

LE langage que le Ministre des Affaires Etrangères de l'Empereur a tenu au Général Ruffo en présence de son Excellence le Général Rustem peut se résumer ainsi:—

Le Gouvernement Français a pris acte des résolutions adoptées par le Bey et communiquées officiellement au Consul-Général de Sa Majesté, et il les considère comme irrévocables. Le Consul-Général de France à Tunis a donc agi conformément à ses devoirs en suspendant ses relations au moment où l'on semblait retirer une parole donnée.

Pour que cette situation pût se dénouer, il faudrait:—

1. Que le Bey, en sanctionnant d'une manière définitive le Décret du 4 Avril, remplît l'engagement qu'il a contracté envers le Gouvernement de l'Empereur. Il pourrait seulement demander au Cabinet des Tuileries d'employer ses efforts auprès de l'Angleterre et de l'Italie, pour apaiser les difficultés qui naissent de ce côté.

2. Que le Bey déclarât nettement aux Consuls d'Angleterre et d'Italie que, lié d'honneur envers la France, il ne pourrait se dégager en aucune façon, mais qu'il suit le Cabinet des Tuileries décidé à s'entendre directement avec les deux autres Cabinets dans le but de sauvegarder tous les intérêts légitimes, en ajoutant qu'il est, quant à lui, disposé à se prêter aux modifications qui lui seraient proposées d'un commun accord.

(Sans signature.)

No. 65.

Lord Lyons to Lord Stanley.—(Received May 15.)

(No. 470.)

My Lord,

Paris, May 14, 1868.

COUNT DE GOLTZ, the Prussian Ambassador, told me this afternoon that he had the day before yesterday informed M. Marquis de Moustier that he was instructed to state to him that the interests of Prussian subjects were involved in the financial affairs of Tunis, and that, therefore, Prussia desired to have a share in any negotiations which might take place respecting those affairs. He said that M. de Moustier had desired information respecting the nature and amount of the Prussian interests in question; and that he had replied that he was not disposed to submit these interests to M. de Moustier's separate judgment, but that he would not refuse to give him information respecting them.

Count de Goltz proceeded to show me a Memorandum on the subject, which he was about to place in M. de Moustier's hands. It mentioned, if I recollect right, only

one Prussian claim on the Bey of Tunis. This was one preferred by Messrs. Erlanger, of Frankfurt, for a sum of 4,000,000 francs, for losses sustained in consequence of a breach by the Bey of the conditions on which they had contracted to raise a loan for him.

M. de Goltz observed to me that Prussia was not directly interested in political questions in the Mediterranean as England and Italy were. She was, however, very much interested in obtaining payment of the just claims of her subjects. He could not say to what extent his Government might desire to take an ostensible part in the settlement of the financial affairs of Tunis. It might, perhaps, be deemed important that her action should be sufficiently apparent to make her new subjects at Frankfurt fully aware that their interests were efficiently protected by her.

I have, &c.
(Signed) LYONS.

No. 66.

Lord Lyons to Lord Stanley.—(Received May 15.)

(No. 471.)

My Lord,

Paris, May 14 1868.

THE Marquis de Moustier told me this afternoon that he had sent to the Prince de la Tour d'Auvergne voluminous documents which would enable the Prince to give you complete information respecting the present phase of the Tunisian question. He had in particular sent to his Excellency a copy of a despatch which he had addressed to the French Minister at Florence, and which contained a detailed account of the whole affair.

M. de Moustier went on to say that he had given his "little ultimatum" to Count Ruffo, the Agent sent here by the Bey. Count Ruffo had, he told me, appeared to be surprised and gratified by the moderation of it. All, indeed, that it required was that the Bey should issue the Decree as he had promised, and confine himself to expressing a hope that France would come to an understanding with the Governments of England and Italy which would prevent the Bey from being exposed to inconvenience coming from those quarters. The Bey was to be free to declare to the Consuls at Tunis that he was bound to fulfil his engagements towards France; but that he knew that the French Government was willing to come to an understanding with the British and Italian Governments which would give effectual protection to all legitimate interests.

I observed to M. de Moustier that I could not but once more press upon him the importance of coming to this understanding as soon as possible; and I asked him when he purposed to enter practically upon the question. He said that he was only waiting for the answer of General Menabrea to the despatch he had addressed to the French Minister at Florence for communication to the Italian Government. No one could be more anxious for the speedy settlement of the affair than he was; for he was beset by the French holders of the Tunisian bonds and the contract made by the Government of Tunis with the Société Générale for the conversion of the loans, could not be executed until he was able to announce that satisfactory arrangements had been made respecting the future administration of the Tunisian finances.

M. de Moustier said to me distinctly that he had not demanded of the Bey the actual establishment of the Commission ("l'organisation matérielle de la Commission"). He had only required the formal promulgation of the Decree as a satisfaction to the dignity of France.

I have, &c.
(Signed) LYONS.

No. 67.

Sir A. Paget to Lord Stanley.—(Received May 15, 7.30 P.M.)

(Telegraphic.)

Florence, May 15, 1868, 2.50 P.M.

MENABREA sent for me to-day to make following communication: French Government demand that England and Italy should not oppose issue of Decree promised by Bey of Tunis. On its side, French Government declares it will not take advantage of Decree until after an understanding with English and Italian Governments. Bey's Minister left here yesterday with French ultimatum, which requires, first, a minute

signature of Decree; secondly, that Bey should declare to English and Italian Consuls that France will examine the (?) directly with those Governments.

Moustier says he is ready to examine, with Representatives of England and Italy, at Paris, questions independent of the Decree which the Bey must sign, and on which his Excellency formally declares France cannot yield.

Membran wishes to know, as soon as possible, what are your Lordship's intentions in view of these circumstances, as mail leaves to-morrow and he wants to send instructions to Italian Consul in conformity with those your Lordship sends to Mr Wood.

No. 68.

Lord Stanley to Lord Lyons.

(No. 313.)

My Lord,

Foreign Office, May 15, 1868.

THE French Ambassador has not yet made to me the communication on the subject of the Tunisian Finance Commission which the Marquis de Moustier's language to your Excellency has led me for some days to expect, but as I understand that Prince de la Tour d'Auvergne has now received his instructions, I shall doubtless hear from him in a day or two on the subject.

I have in the meanwhile received your despatch No. 471 of the 14th instant, reporting a further conversation with M. de Moustier.

I cannot say that Her Majesty's Government are satisfied with the present state of the question, and it appears to them that after all that has passed on the subject between yourself and M. de Moustier in conversation they may now reasonably expect to obtain from the French Government a more formal and definite statement of its intentions.

I have accordingly to instruct your Excellency to address an official note to M. de Moustier, shortly recapitulating the assurances given by him, and saying that Her Majesty's Government understand from them that the Decree, if signed by the Bey, will be held to be merely a matter of form, and that no advantage will be taken of it by France as prejudging the decision to be come to by the Powers in common deliberation as to the constitution of the Commission, or as entitling France to set aside the interests of other Powers for the advancement of French interests, or to insist at any time, without a previous understanding with those Powers, on the execution by the Bey of the provisions of his Decree, on the mere ground that he has affixed to it his signature.

As a communication to this effect made by your Excellency would be in conformity with the general tenor of the language which M. de Moustier has held to you, Her Majesty's Government cannot doubt that the answer which his Excellency will make to your note will fully confirm his verbal assurances.

I am, &c.
(Signed) STANLEY

No. 69.

Lord Stanley to Lord Lyons.

(No. 314.)

My Lord,

Foreign Office, May 16, 1868.

YOUR Excellency will, doubtless, have seen on its way through Paris the telegram from Sir A. Paget, of which the decypher is inclosed.*

I have informed Sir Augustus, in reply, that I do not propose to send any further instructions to Her Majesty's Agent and Consul-General in Tunis until Her Majesty's Government have come to a more definite understanding with that of France respecting the proposed Financial Commission, but that they are not disposed to object to the demand made by France on the Bey for the issue of his Decree, provided they obtain from France satisfactory assurances as to the constitution and powers of the Commission.

I am, &c.
(Signed) STANLEY

* No. 67

No. 70.

Lord Stanley to Lord Lyons.

(No. 317.)

My Lord,

Foreign Office, May 16, 1868.

THE French Ambassador has communicated to me confidentially the substance of various papers which he had received from M. de Moustier upon the Tunisian question, but in a very general manner, and with a request that notes might not be taken of them. I have, therefore, preserved only one or two of the remarks which he made.

He said that according to M. de Moustier's statements no demand had been addressed to the Bey of Tunis on the part of the French Government for the establishment of a Financial Commission. They had undoubtedly complained, and with reason, of the state of the finances of the Regency, which was a question in which French creditors and claimants were deeply interested. But the offer of a Commission had been made, freely and spontaneously, by the Bey himself, and was in no degree owing to any exertion of influence on the part of the French Consul-General.

It was, therefore, with extreme surprise that M. de Moustier had heard that the Bey had repudiated engagements voluntarily entered into, and had talked of pressure and intimidation being employed to control his decision.

The French Consul-General had been instructed to tell the Bey that he must observe his engagements, that was for France a question of dignity and honour which the French Government could not waive, but M. de Moustier had proposed to other Powers interested that the differences between them as to the nature and functions of this Commission should be settled at Paris, or at some other European capital.

The French Ambassador added that he had informed me of these facts, thinking I might be interested in them, but that he had no instructions to discuss the question with me. He thought M. de Moustier desired that the discussion should take place at Paris.

As the Prince de la Tour d'Auvergne appeared to expect the expression of some opinion from me, I said that with the imperfect knowledge I had of what was really intended I found it difficult to give one. It seemed to me that if the question at issue were only one of dignity, that is, of form, it was not the duty of Her Majesty's Government to interfere between the French Government and the Bey; but the really important matter was to know what was to be the constitution of, and what the scope of, the duties entrusted to the Commission which the French Government desired to see instituted, and of the establishment of which in principle I had no objection to make.

On these points, which as far as England was concerned, constituted the whole question at issue, I could only await further explanations. I assured the Prince of my earnest wish that the matter might be arranged speedily, and in an entirely friendly manner.

I am, &c.
(Signed) STANLEY.

No. 71

Lord Stanley to Sir A. Paget

(Telegraphic.)

Foreign Office, May 16, 1868, 4.10 P.M.

NO French instructions will be sent to Tunis till we have a more definite understanding with the French Government. I am not disposed to object to the French demand for the Decree, provided we have satisfactory assurances as to the constitution and powers of the Commission.

No. 72

Lord Lyons to Lord Stanley.—(Received May 18.)

(No. 474.)

My Lord,

Paris, May 17, 1868

DURING a visit which the Marquis de Moustier made to me yesterday, he expressed a strong desire that Mr Wood, Her Majesty's Agent at Tunis, should be

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instructed not to increase the strain upon the relations between France and the Bey ("ne pas tendre la corde").

After recapitulating in nearly the same terms as on previous occasions, the history of the transactions relative to the proposed Financial Commission, M. de Moustier said that he had given to Count Rasso, the Agent of the Bey, a written Memorandum of the conditions upon which the French Government would be willing to resume cordial relations with His Highness. Count Rasso would convey this ultimatum to Tunis. It was very important that the terms offered should be accepted at once, and M. de Moustier earnestly hoped that Her Majesty's Agent would not encourage the Bey to resist them. All, he said, that he had required was that, as a satisfaction to the dignity and honour of France, the Bey should promulgate the Decree, as he had promised. This done, France was quite ready to enter into communication with other Powers concerned, in order that any modifications which their interests required might be made in the Decree before any practical effect should be given to it; but the promulgation of it, in the terms promised to France, or at to take place first.

M. de Moustier went on to say that it had been urged that the British and Italian Agents could not be desired to abstain from intervention, unless the French Agent was also instructed not to take any step forward. Even admitting this, M. de Moustier must maintain that to require the promulgation of the Decree was simply to insist upon remaining in the position which France already occupied. It would indeed be a step forward to demand the practical execution of the Decree, but this he would not do. On the contrary, he would engage that it should not be put into execution until he had come to an understanding with Her Majesty's Government.

I asked M. de Moustier whether he had authorized the Prince de la Tour d'Auvergne to make any written communication to your Lordship on the subject. He answered that he had written a note to the Italian Minister here, because the Government of Italy had appeared to have misapprehended the whole matter. On the other hand, he was so well pleased with the tone of the verbal communications which the Prince de la Tour d'Auvergne had held with your Lordship in London, and with those which he had himself held with me here, that he had not hitherto thought it necessary to add anything to them.

I said that I thought that the best mode of facilitating the settlement of the affair and of avoiding future misunderstanding, would be for him to authorize the Prince de la Tour d'Auvergne to convey in writing to your Lordship the assurances which had been given verbally by himself and by the Prince on behalf of the Emperor's Government.

M. de Moustier said that he would do this at once, and immediately afterwards took leave of me.

I have, &c.
(Signed) LYONS.

No. 73.

Lord Stanley to Sir A. Paget

(No. 79.)

Sir,

Foreign Office, May 18, 1868.

I HAVE received your despatch No. 144, Confidential, of the 8th instant, and I entirely approve the language which you have held to Baron Malaret, as therein reported, in your conversation with him upon the question of Tunisian finances.

I am, &c.
(Signed) STANLEY

No. 74.

Lord Stanley to Lord Lyons.

(Telegraphic.)

Foreign Office, May 18, 1868, 3-10 P.M.

I HAVE seen French Ambassador this morning, but he made no communication about Tunis. You may, however, hold over your note for a couple of days, till Thursday, for instance, unless you hear from me before, but I cannot restrict British Consul-General's action without a satisfactory note from the French Government.

No. 75.

Sir A. Paget to Lord Stanley.—(Received May 19.)

(No. 150.)

My Lord,

Florence, May 15, 1868.

I THIS morning received a note from Count Menabrea asking me to call upon him before 1 o'clock.

On my waiting on his Excellency, he said that he had sent for me to speak upon the very grave turn which the Tunisian affair was taking, and which required that the Italian and English Governments should at once agree upon the course they were to follow. His Excellency then read to me a telegram from M. Nigra, dated yesterday, of which the following is the substance:—

The Government of the Emperor demands that Italy and England shall not oppose the issuing of the Decree which had been promised to France by the Bey of Tunis.

On its side the Imperial Government declares that it will not avail itself of the Decree without a previous understanding with the Italian and English Governments. M. Rasso, the Bey's Minister, left Paris yesterday with the French ultimatum, which requires, 1st, the immediate signature of the Decree by the Bey; 2ndly, that the Bey should declare to the Italian and English Consuls that the French Government will examine the various questions at issue directly with their Governments.

M. de Moustier, the telegram goes on to say, asserts that he is ready to examine, with the British Ambassador and Italian Minister at Paris, the questions which have to be treated independently of the concession of the Decree which the Bey must sign, and on which M. de Moustier declares formally that the French Government cannot yield.

In reference to the foregoing communication Count Menabrea observed that he must repeat what he had always said, viz., that Italy had no question to treat with France, but had one with the Bey of Tunis, who had given certain guarantees to Italian subjects, and who could not make over those guarantees to others.

He had hitherto been under the impression that the Government of the Bey was an independent Government; but if the Decree were signed, the effect would be to place the whole of the financial affairs of the Regency in the hands of a French Commission, who would take the place of the Tunisian Government, and to whom the Italian and British Governments would have to be thankful for any disposition which it might think proper to take in favour of the interests of Italian and English subjects.

Count Menabrea added that he was perfectly ready, as he always had been, to discuss at Paris any general plan for the future arrangement of the finances of the Regency, but that he could not consent to the issuing a Decree by the Bey which would be retroactive in its effect, and would deprive Italian creditors of the security which they now possessed.

He was anxious, he said, to know the opinion of Her Majesty's Government in regard to the course now being adopted by France, and he was most desirous for this information as soon as possible, in order to be able to send instructions to the Italian Consul-General at Tunis, in conformity with those which might be sent to his own colleague by your Lordship. The interests of Italy and England, his Excellency added, were identical, and they ought to act entirely in concert.

I have, &c.
(Signed) A. PAGET

No. 76.

Lord Lyons to Lord Stanley.—(Received May 19.)

(Telegraphic.)

Paris, May 19, 1868.

M. DE MOUSTIER has not yet authorized French Ambassador to give your Lordship a written assurance that Tunisian Decree, if issued, shall not be executed until French and English Governments have come to an understanding, but he says he will do so to-day.

No. 77.

Sir A. Paget to Lord Stanley.—(Received May 19.)

(Telegraphic)

Florence, May 19, 1868, night.
MENABREA adopts same course as you in regard to French demands on Bey of Tunis.

No. 78.

Lord Lyons to Lord Stanley.—(Received May 20.)

(No. 480)

My Lord,

Paris, May 19, 1868

THE Marquis de Moustier took an opportunity last night of expressing again to me his earnest desire that Her Majesty's Agent at Tunis should be instructed to refrain from encouraging the Bey to delay issuing the Decree relative to the Financial Commission.

He said that he had sent all the papers connected with this matter to the Prince de la Tour d'Auvergne, and had authorized his Excellency to communicate to you the ultimatum which was to be taken back to Tunis by Count Ruffo.

I referred M. de Moustier of the conversation I had had with him two days before and asked him whether he had directed the Prince de la Tour d'Auvergne to convey to your Lordship in writing the assurances which had been so often given verbally respecting the Tunis Commission. I inquired in particular whether he had directed the Prince to state to you in writing that if the Decree were issued *pro forma* as a satisfaction to the dignity of France it should not be executed, and that no steps should be taken to establish the Commission until the British and French Governments had come to an understanding on the subject.

M. de Moustier said that he would send on the following day instructions to the Prince de la Tour d'Auvergne to make to your Lordship a written communication to this effect. He added that he did not feel the least difficulty or hesitation in doing so.

It is accordingly to be presumed that these instructions will be dispatched to the Prince de la Tour d'Auvergne this evening.

I have, &c.
(Signed) LYONS.

No. 79.

Lord Stanley to Lord Lyons.

(Telegraphic)

Foreign Office, May 20, 1868, 1.45 p.m.

THE French Ambassador has been with me this morning, but he has not yet received the promised instructions respecting Tunis.

No. 80.

Lord Lyons to Lord Stanley.—(Received May 21, morning.)

(Telegraphic)

Paris, May 20, 1868, 11.30 p.m.

MOUSTIER says that he has sent to-day, Wednesday, the promised written communication about Tunis.

No. 81.

Lord Lyons to Lord Stanley.—(Received May 22.)

(No. 490.)

My Lord,

Paris, May 21, 1868.

THE Chevalier Nigra, the Italian Minister, read to me yesterday a despatch which he had received from General Menabrea respecting the financial question at Tunis. He told me that he had read the despatch to the Marquis de Moustier and had left a copy of it with him on condition that it should notwithstanding be treated as

only a verbal communication. At my request, M. Nigra gave me a copy on the same condition, and I have the honour to transmit one to your Lordship herewith.

M. Nigra has told me to-day that he has received a telegram from General Menabrea stating that your Lordship had expressed your willingness, if satisfactory assurances were given you in writing by the French Government, to direct Her Majesty's Agent at Tunis to make no opposition to the Decree being issued by the Bey. The telegram proceeded, M. Nigra said, to direct him to inquire of M. de Moustier whether he was willing to give such written assurances to Italy.

I have, &c.
(Signed) LYONS.

Inclosure in No. 81.

Count Menabrea to M. Nigra.

Florence, le 15 Mai, 1868.

M. le Ministre,
J'ai voulu attendre, avant de répondre à votre dépêche du 7 de ce mois, que vous me fussiez parvenu l'accueil que votre lettre du 6 avait reçu de la part de son Excellence M. le Marquis de Moustier. Votre dépêche du 9, contenant la réponse du Ministre Impérial des Affaires Étrangères, m'a complètement édifié sur les intentions du Cabinet des Tuileries dans le différend Tunisien.

En précisant le sens de la conversation que j'avais eue avec M. le Baron de Malaret vous avez par votre lettre à M. le Marquis de Moustier, posé la question sur son véritable terrain. Une question financière existe réellement entre Tunis et tous les Gouvernements dont les sujets ont des affaires pendantes avec le Trésor Tunisien. Pour sauvegarder les intérêts de leurs propres sujets, les États intéressés avaient le choix entre deux voies bien distinctes. Ou bien ils pouvaient s'entendre préalablement sur les demandes à faire ensemble auprès du Gouvernement du Bey afin d'obtenir de lui des mesures efficaces pour garantir sans distinction tous les intérêts étrangers engagés dans la Régence; ou bien ils étaient libres de négocier séparément des arrangements avec le Gouvernement de l'un, concernant exclusivement les intérêts confiés à leur protection. Nous avons constamment préféré le premier de ces deux systèmes, et nous en avons donné maintes preuves en plusieurs occasions. Vous savez en effet que la question des dettes privées des Princes Tunisiens a été résolue par le Protocole du 16 Avril, signé par les Consuls de toutes les Puissances représentées à Tunis, et lors même du règlement des affaires qui ont donné lieu aux contrats conclus l'année dernière le Gouvernement Italien aurait vu avec plaisir le commerce Français s'associer à ces opérations. Le Consul Italien avait fait des ouvertures dans ce sens à son collègue de France. Il paraît maintenant que le Cabinet des Tuileries préfère adopter une autre ligne de conduite. N'ayant probablement qu'une connaissance imparfaite des obligations précédemment contractées par le Bey avec nos nationaux et avec d'autres sujets étrangers, l'Agent Français à Tunis a pu même, sans avoir l'intention d'empiéter sur les droits acquis des sujets des autres Puissances, demander au Gouvernement local la promulgation de mesures par lesquelles le Bey enfreindrait les obligations qu'il avait antérieurement contractées. Le projet d'un pareil Décret étant parvenu à la connaissance du Consul Italien, celui-ci était parfaitement fondé en protestant d'avance auprès du Bey contre l'adoption des mesures qui auraient été en opposition avec ses engagements antérieurs.

Vous savez que le Consul Général de Sa Majesté Britannique crut devoir également protester auprès du Gouvernement de la Régence contre la publication de ce Décret.

Vous êtes donc parfaitement dans le vrai, M. le Ministre, quand en écrivant à M. de Moustier vous lui parlez d'affaires pendantes entre la Régence et les Gouvernements d'Italie, de France, et de la Grande Bretagne; et j'ai de mon côté beaucoup de peine à comprendre que le M. de Moustier puisse considérer que, dans cette affaire, il y ait une discussion entre le Bey et la France, et une autre entre la France et nous.

S'il en était ainsi, la question serait totalement déplacée, à moins de supposer—ce que nous ne croyons certainement pas—que la France, en vue de la facilité avec laquelle M. de Moustier dit qu'il obtiendra raison du Gouvernement du Bey, ne veuille se considérer comme investie du droit de représenter la Tunisie dans ses rapports avec l'étranger.

Je persiste donc à croire que vous avez placé la question sur son véritable terrain, et je pense qu'il serait utile de l'y maintenir. Nous ignorons si dans le rapport du Gouvernement Impérial avec celui du Bey, la dignité du premier se trouve en quelque manière engagée. M. de Moustier vous dit que c'est là une question entre Son Altesse et le Gouvernement Français seul, et nous aurions bien garde de vouloir, par notre intervention

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directe ou indirecte, placer le Gouvernement Français envers celui de Tunis dans une situation que nous ne saurions accepter pour nous-mêmes.

Nous n'avons jamais mis en doute les intentions justes et équitables du Gouvernement de l'Empereur, et nous n'avons montré, croyons-nous, aucune défiance envers lui en exerçant auprès du Bey une action limitée à la simple protection des intérêts légitimes des sujets du Roi. Nous sommes convaincus aussi bien que M. de Moustier qu'une entente mutuelle serait toujours le meilleur moyen de sauvegarder les intérêts de tous les étrangers. Mais, dès lors pourquoi la France, qui pourrait facilement obtenir de Tunis toutes les satisfactions qu'elle exige, persisterait-elle à demander au Bey un acte législatif que les intérêts considérant comme une violation des obligations qu'il a précédemment contractées avec les sujets Italiens ?

Les explications que vous avez déjà été à même de donner sur la véritable nature de cette affaire, et ce que le Gouvernement Impérial a certainement appris lui-même par la suite, peuvent nous dispenser d'entrer dans de plus amples détails sur cette question. Il nous suffit d'observer que le Décret que le Bey se proposait de publier tendait à mettre entre les mains, non pas de la France, mais d'une Commission composée presque exclusivement d'intérêtés Français, toute la finance Tunisienne et à opérer l'unification de la dette de la Régence sans aucune réserve en faveur des obligations privilégiées jouissant, par suite de contrats réguliers, de garanties spéciales. C'est donc à tort que M. de Moustier vous attribue l'intention de limiter d'avance l'action de la France ou ses droits. Les réserves que vous avez formulées dans votre lettre au Ministre Impérial des Affaires Étrangères n'avaient nullement la portée que M. le Marquis de Moustier semble vouloir leur attribuer. Nous étions persuadés avant même que M. de Moustier nous en fit parvenir la déclaration explicite que la loyauté du Gouvernement Français excluait de sa part toute intention de se prévaloir de droits qui pourraient se trouver en contradiction avec les droits des autres ; mais nous ne pouvions nous dissimuler, et M. le Marquis de Moustier voudra bien le reconnaître, que par le Décret dont la France réclamait la publication, le Bey conférerait des droits non pas au Gouvernement Français, mais aux mandataires d'un groupe de créanciers de la Régence à un Représentant des sujets Français, établis à Tunis, et à deux autres Délégués, élus par le corps des négociants étrangers, pouvant par conséquent être également choisis parmi les étrangers de tous les pays résidant ou non dans les États du Bey. La présence d'un Inspecteur Français des Finances dans cette Commission ne saurait être une garantie suffisante que la Commission Financière ne s'écarterait jamais dans ses opérations du respect des droits des créanciers étrangers dont les intérêts ne seraient point représentés dans cette Commission. Vous voudrez bien, M. le Ministre, faire remarquer à M. de Moustier que si le Bey venait à publier le Décret tel qu'il a été projeté, ce n'est pas le Gouvernement Français, mais ceux-là même auxquels le Bey aurait conféré des droits par un Acte Législatif émanant tout au moins en apparence, de sa seule volonté, qui réclameraient de lui l'observation des nouvelles obligations qu'il se serait imposées. Ces obligations étant en contradiction avec celles antérieurement contractées par le Bey, nous devons, dès à présent, formuler une réserve expresse pour ce qui concerne les intérêts et les droits des sujets Italiens dans la Tunisie, et en maintenant cette réserve, nous avons la conviction de ne rien faire qui puisse d'une manière quelconque compromettre la dignité ou les intérêts des autres Puissances co-intéressées.

M. de Moustier me demande vouloir bien vous autoriser à entrer immédiatement en conférence avec lui. En considération des intérêts identiques que les sujets Italiens et Anglais ont dans cette affaire, vous avez été autorisé, dès le début de cette discussion, à vous mettre d'accord avec l'Ambassadeur de Sa Majesté Britannique à Paris pour entrer en conférence avec M. le Marquis de Moustier. Nous ne prétendons pas séparer notre action de celles des autres Puissances ayant également des intérêts à sauvegarder dans la Tunisie. Si, comme nous l'espérons et nous le souhaitons sincèrement, une entente de toutes les Puissances doit avoir lieu au sujet des arrangements à prendre avec le Gouvernement de Tunis, nous pensons que la meilleure manière d'atteindre promptement ce résultat est de ne point préjuger les questions par des négociations séparées.

Le Gouvernement du Roi, tout en vous autorisant de nouveau à entrer en conférence avec M. le Marquis de Moustier aussitôt que Lord Lyons aura reçu de son Gouvernement la même autorisation, ne peut vous donner pour le moment d'autres instructions que de continuer à marcher d'accord avec l'Ambassadeur Britannique à Paris afin de ne point séparer les intérêts Italiens de ceux de l'Angleterre, qui sont identiques avec les nôtres dans cette question.

Agréez, &c.
(Signé) MENABREA

No. 82.

Lord Lyons to Lord Stanley.—(Received May 22.)

(No. 492.)

My Lord,

Paris, May 21, 1868.

THE Marquis de Moustier told me last night that, having taken the orders of the Emperor, and having been authorized by His Majesty to make to your Lordship explanations in writing respecting the financial question at Tunis, he had that evening written a despatch on the subject to the Prince de la Tour d'Auvergne, and directed him to read it to your Lordship, and leave a copy of it with you, if you should express a wish to have one.

I have, &c.
(Signed) LYONS.

No. 83.

M. de Moustier to Prince de la Tour d'Auvergne.—(Communicated to Lord Stanley by Prince de la Tour d'Auvergne, May 22.)

Prince,

Paris, le 21 Mai, 1868.

J'AI pris soin de vous fournir tous les documents qui pouvaient vous éclairer sur la question Tunisienne et vous mettre à même de faire connaître au Gouvernement Anglais nos véritables intentions.

Vous savez que depuis longtemps nos réclamations auprès du Bey sont toujours restées stériles. Un fait grave s'est produit il y a un an, les arrérages des deux emprunts contractés en 1863 et 1865, et dont les titres sont, pour la plus grande partie, entre les mains de nos nationaux, ont cessé d'être payés.

Au commencement de l'année courante, le Gouvernement Tunisien a cherché par divers moyens que je m'abstiens de qualifier, à se procurer de l'argent sur la place de Paris, et il a, en particulier, essayé une conversion de sa dette dans des conditions qui, à nos yeux, constituaient une véritable négation du droit des porteurs, et ont donné lieu, de leur part, aux protestations les plus vives. Nous nous sommes bornés, néanmoins, à prévenir le Gouvernement de la Régence qu'il cherchait en vain à faire, sur notre marché, aucune opération financière, tant qu'il n'aurait pas offert, pour la bonne administration à venir de ses finances, de réelles garanties.

C'est alors que le Premier Ministre du Bey déclara à notre Consul que son Maître comprenait l'absolue nécessité de réformes administratives sérieuses, et sollicitait, afin de les réaliser sans retard, notre bienveillant appui et notre concours effectif. Le Kaznadar demanda spécialement qu'un comptable d'une autorité suffisante fut envoyé à Tunis pour être placé à la Vice-Présidence d'une Commission Financière destinée à encaisser les revenus et à en surveiller l'emploi. Pour preuve de la sincérité de ses assurances, il communiqua officiellement à M. de Botmieu un Décret instituant formellement cette Commission.

Notre Agent, qui ne s'attendait nullement à cette démarche toute spontanée et à une mesure aussi délicate, ne put que reconnaître ce qu'elle avait d'utile en principe et, après en avoir pris acte, il annonça qu'il allait la soumettre à l'appréciation du Gouvernement de l'Empereur. Le Kaznadar témoigna tout le prix qu'il attachait à connaître promptement notre opinion. Nos observations ont eu pour but unique de faire ressortir la nécessité de ne pas placer la Commission dans des conditions qui la rendissent, en réalité, illusoire. Il importait, à nos yeux, premièrement, que la part réservée aux divers éléments appelés à former cette Commission fût plus nettement déterminée, et que les porteurs de la dette extérieure y fussent représentés d'une manière suffisante pour les rassurer contre de nouveaux mécomptes, en second lieu, que ses attributions fussent plus clairement spécifiées, enfin, que l'on indiquât comme point de départ de ses travaux l'ouverture d'un registre où seraient inscrites, une fois pour toutes, les dettes, tant intérieures qu'extérieures, contractées par le Gouvernement Tunisien jusqu'à ce jour.

Le Kaznadar écouta ces observations sans les discuter et envoya, le lendemain, à notre Consul l'Arrêté en date du 4 Avril, qui lui semblait répondre à ces différents points de vue.

Il importe, ici, de bien se rendre compte de la manière dont nous envisageons ce document. Nous y avons vu, avant tout, un témoignage des intentions du Bey, et sans l'approuver dans toutes ses dispositions, nous avons cru qu'il ne devait être, en ce moment, ni discuté ni amendé.

Nous en avons pris acte pour qu'aucun pas en arrière ne peut être fait dans la voie de l'ordre et du progrès où le Gouvernement Tunisien s'engageait par cette communication. Mais notre pensée a toujours été, ainsi que nous l'avons déclaré dès l'origine, de convier le Gouvernement Britannique à nous faire connaître dans quelle mesure, en sauvegardant les intérêts Français, l'acte émané du Bey pouvait porter préjudice aux créanciers étrangers.

Nous avons donc fait immédiatement appel à la discussion, nous avons tenu toutefois à ce qu'elle n'eût pas lieu à Tunis, car nous savions qu'elle conduirait fatalement à un résultat négatif et à l'avortement des espérances légitimes que nous fondions sur une réforme financière devenue indispensable. Nous avions certainement raison, puisque les premières difficultés locales qui se sont manifestées ont servi au Bey de prétexte pour renier des engagements que nous considérons comme irrévocables. Nous ne pouvions admettre qu'une parole donnée fût retirée, et la suspension des relations aussi bien que notre insistance n'ont pas d'autre cause, mais tout en maintenant vis-à-vis du Bey notre droit à cet égard, nous sommes très-loin de penser que le Décret du 4 Avril ne soit susceptible d'aucune amélioration. Si des modifications sont reconnues utiles d'un commun accord, nous estimons qu'il sera facile de les faire adopter par le Gouvernement Tunisien.

Nous n'avons jusqu'à présent aucune intention de nous prévaloir de ce Décret, ni de procéder à la formation de la Commission qu'il a en vue d'instituer. Le Gouvernement Britannique n'a donc, de son côté, aucun intérêt à ce que nous ne recevions pas du Bey la satisfaction que nous attendons de ce Prince. Plus tôt au contraire cette satisfaction nous sera donnée, plus tôt pourra commencer l'examen que nous désirons faire des situations réciproques. La cordialité que dès le début de cette affaire vous avez rencontrée chez le Prince Secrétaire d'Etat, et la parfaite confiance qu'il a dans la loyauté de nos intentions, ne me permettant pas de douter du sentiment amical avec lequel il accueillera ces éclaircissements.

Agréer, &c.
(Signé) MOUSTIER.

No 83

Lord Stanley to Mr. Wood.

(Telegraphic.)

Foreign Office, May 23, 1868.

IN consequence of the assurance given me to-day by the French Ambassador respecting the Financial Commission, you need not for the present interfere between the Bey and the French Consul-General in regard to that matter. I hope to send you more definite instructions in a day or two.

No. 83.

Lord Stanley to Lord Lyons.

(No. 328.)

Foreign Office, May 23, 1868.

My Lord,

THE French Ambassador forwarded to me yesterday a copy of the promised despatch from the Marquis de Moustier on the Tunisian question, and I now inclose a copy for your Excellency's information.

His Excellency called on me to-day to learn my view of the despatch, when I observed to him that the promises given in it were less precise than those given verbally to your Excellency by M. de Moustier.

I asked the French Ambassador whether I might understand that the despatch contained a distinct promise that the French Government will not act on the Bey's Decree until the two Governments of England and France shall have come to an understanding as to the modifications to be made in it.

Prince de la Tour d'Auvergne said that he thought himself authorized to give such an assurance, but that he would obtain by telegraph a confirmation of it from M. de Moustier.

I said upon this that I would instruct Mr. Wood to suspend for the present any further opposition to the French Consul-General in Tunis, on the assumption that the assurances given to me by his Excellency would be confirmed by his Government.

I inclose a copy of my telegram to Mr. Wood.

I am, &c.
(Signed) STANLEY

* No. 83

† No. 84

No. 86.

Mr. Wood to Lord Stanley.—(Received May 24.)

(No. 24.)

My Lord,

Tunis, May 16, 1868.

I HAVE the honour to state that the French Chargé d'Affaires deputed his Vice-Consul, on the 11th instant, to the Prime Minister, with a message to the following effect: "That he (the Chargé d'Affaires) had been instructed to inform the Prime Minister that, as England and France had come to an understanding regarding the bases of the projected Financial Commission, and which understanding would be carried out, there could exist no longer any objection to the signature and promulgation of the eight Articles a satisfaction to France, to remain, however, in abeyance for the present; that the Minister should not oppose the signing of the Decree embodying them; and that should an officer be sent to the Consulate-General, he would be received."

To this communication his Excellency replied that, not being the Sovereign Prince of the country, the message must be conveyed to the Bey, who alone was competent to accept or reject the proposal, independently of him.

On the following morning I waited upon His Highness, who discussed with me this fresh effort made to obtain his signature. I stated to him that I was not yet in possession of the decision alluded to, but that so soon as I received your Lordship's instructions thereon I would immediately acquaint him with them. In the meantime I saw no objection to an officer being sent to M. Botmiliau, agreeably to his intimation to express the satisfaction with which His Highness has received the intimation that Great Britain, France, and Italy had come to a mutual understanding relative to the Commission in question, and that whatever the three Representatives should communicate to him in writing, to debate future misunderstandings, the decision adopted in common by their respective Governments, he would give to it his earnest and immediate attention.

General Bokoush was entrusted with the foregoing answer. He was politely received by M. Botmiliau, who renewed his demand that the Bey should, by signing the eight Articles, accept his promise to him. It is superfluous to observe that His Highness has solemnly declared to all the foreign Agents that he could never have promised to sign a document by which he virtually relinquished, in favour of a foreign Commission, his administrative rights and powers, and of the existence of which document he could have had no knowledge, since it came from Paris, and that consequently whatever had passed, in a confidential and private form, between him, his Prime Minister, and the French Chargé d'Affaires, could only have been with reference to a contemplated project for the formation of a Commission, not independent of, but forming part of, the Governmental system, with attributes and upon bases vastly different from those it was now attempted to substitute for them.

The step taken by M. Botmiliau, before resuming his diplomatic relations, appears to be in conformity with the proposal which the French Minister at Florence made to General Menabrea on the 8th instant, in an animated conversation with his Excellency, that the Bey should be induced to sign the eight Articles as a satisfaction to France, notwithstanding any arrangement to which the three Governments might assent hereafter; but when a proposal General Menabrea very prudently declined to entertain on account of the permanent danger the existence of so important a document would constitute to the preservation of the present order of things in the Regency, as well as upon grounds of justice and equity. It would further appear that the French Minister was acting in accordance with telegraphic instructions transmitted from Paris on the 7th instant, or about the time that the Bey's Envoy had his first interview with the Marquis de Moustier.

Although nothing definitive is known with regard to the result of Count Ruffo's mission, yet he has telegraphed to His Highness that he was satisfied with his reception by M. de Moustier, and that matters were proceeding favourably, but recommended, at the same time, prudence, and above all, that no Decree or other document should be signed previous to his return, which would take place immediately on the receipt of a letter with which his Excellency had promised to furnish him. Count Ruffo does not, however, say whether the letter is intended for the Bey or for the French Chargé d'Affaires.

It is scarcely necessary for me to state with deference that, notwithstanding the telegrams that are forwarded from Paris by interested parties to discourage the Bey by insinuating that Her Majesty's Government think it unnecessary to afford him their

energetic support, I continue nevertheless to act in perfect accord with my Italian colleague in a question, the political and material bearings of which, both as regards the present and the future, I feel convinced must be viewed with interest by your Lordship.

His Highness has likewise assured me that whenever the French Chargé d'Affaires shall rehoist his flag, he will show it the honour and respect to which it is entitled.

I have, &c.
(Signed) RICHARD WOOD.

No. 87

Mr. Wood to Lord Stanley.—(Received May 24.)

(No. 25)

My Lord,

Tunis, May 16, 1868.

A PARAGRAPH which appeared in the French journal "La Liberté," which bears the character of a semi-official announcement, and a copy of which I have the honour to enclose herewith, confirmed my impression that the negotiation that was being carried on in Paris between the Tunisian Agent, General Rusch, and the Société Générale de Paris, for the consolidation of the Tunisian Loans of 1863 and 1865 into Ten per Cent Stock, was under the auspices of the Marquis de Moustier, and that probably an attempt would be made to insert some clause in the contract unfavourable to the foreign creditors of the Bey.

In fact, after some inquiry I ascertained very confidentially that the contract that has been transmitted for the Bey's ratification, and which has been already signed by Secretary Rustem and the Director of the Société Générale has a secret annex in the form of a Decree, the 8th Article of which provides:—First, that the principal revenues of the Regency shall be affected to the payment, by privilege, of the perpetual Ten per Cent Stock; and, secondly, that a special chest shall receive those revenues, which chest shall be under the direction of the Financial Commission that will be instituted in Tunis, and which will work in conformity with the conditions and manner that shall be established by a diplomatic understanding between the Government of France and His Highness the Bey of Tunis.

In begging to submit a copy of the secret clause referred to, I may be permitted to state, that whether or not it forms part of the new Financial Commission with the knowledge and sanction of the French Government, this clause is not the less a direct attempt to appropriate by privilege the guarantees and revenues which have been already given to the Local Conversions, to the amount that will be required for the privileged payment of the Ten per Cent Consolidated Stock; as well as an attempt to establish, under the cloak of a contract between the Tunisian Government and a private Financial Association, the very Financial Commission regarding which communications have passed between Her Majesty's Government and those of France and Italy, with this notable inference, however, that it is to be international by virtue of a formal diplomatic arrangement between France and the Bey; that all other nationalities are to be excluded from it, and that it will permanently receive and direct the revenues of the Regency, inasmuch as it has been stipulated that the Ten per Cent Consolidated Stock shall be "Rente perpétuelle."

It is superfluous for me to observe, that the main object of these combinations and transactions is to carry out by other and indirect means the very objectionable project actually under discussion. It would be premature for me to offer an opinion as to the probable success or failure of these fresh efforts to arrive at the same end; but so far as my individual exertions can be of any avail, I will not fail to employ them to prevent the consummation of so ruinous a result to all parties concerned, until such time as I shall have the honour to receive your Lordship's instructions with reference to the decision of the three Governments with respect to the question at issue.

I have, &c.
(Signed) RICHARD WOOD

Inclosure 1 in No. 87.

Extract from a Decree forming Confidential Annex to a Contract with the Société Générale of Paris for the Consolidation of the Tunisian Loans of 1863 and 1865.

LES garanties du service régulier de la rente perpétuelle 10 pour cent seront affectées par privilège sur les premiers revenus de la Régence de Tunis. A cet effet une caisse spéciale recevra les revenus affectés jusqu'à concurrence des sommes nécessaires tant au service semestriel de la rente qu'au remboursement des obligations de capital de 250 francs.

Cette caisse sera placée sous la direction de la Commission Financière qui sera instituée à Tunis et qui fonctionnera aux conditions et suivant le mode qui résulteront d'une entente diplomatique entre le Gouvernement Français et Son Altesse le Bey de Tunis.

Inclosure 2 in No. 87.

Extract from "La Liberté."

Si les renseignements fournis sont exacts c'est dans les Bureaux de la Société Générale pour favoriser le commerce et l'industrie en France que se termineront les souffrances des porteurs d'obligations Tunisiennes pour les Emprunts de 1863 et 1865 grâce aux soins et à l'énergie de M. de Moustier, Ministre des Affaires étrangères.

La Convention qui aurait été signée il y a deux jours établissant que chaque porteur d'obligations échangerait son ancien titre contre une rente perpétuelle de 50 francs au taux de 10 pour cent, en payant une somme de 125, laquelle somme se diviserait de tous les coupons échus et de celui dont l'échéance est prochaine, représentant 62 francs 50 centimes, en telle sorte que le paiement effectif se réduirait à 62 francs 50 centimes.

Les anciennes obligations amortissables en quinze annuités, avec une majoration sur le prix d'emission, auraient droit en outre du titre de rente, à de nouvelles obligations de 250 francs, l'une amortissable sans intérêt dans un délai de vingt cinq années.

Les anciennes garanties affectées aux emprunts ci-dessus des gages seront reportées sur les intérêts à servir par la rente perpétuelle. Ces services seront placés sous la surveillance diplomatique de la France, avec installation d'une Commission Mixte composée par moitié de Membres Français et Tunisiens.

Les sommes prêtées au Bey de Tunis par l'épargne Française seront cette fois bien sauvegardées, il y aura là un placement sérieux, tout à l'avantage de nos capitalistes. C'est ainsi que s'augmente la fortune des nations.

No. 88

The Prince de la Tour d'Auvergne to Lord Stanley.—(Received May 26.)

Cher Lord Stanley,

J'E m'empresse de vous communiquer la réponse télégraphique que j'ai reçue, cette nuit, du Marquis de Moustier.

J'aime à penser qu'elle vous paraîtra complètement satisfaisante et de nature à vous permettre de confirmer les instructions que vous avez adressées, hier, à Mr. Wood.

Je serais très heureux et très reconnaissant si vous vouliez bien me mettre au mesure de transmettre à Paris cette bonne nouvelle.

Agée, &c.
(Signé) PCE. DE LA TOUR D'AUVERGNE.

Inclosure in No. 88.

M. de Moustier to the Prince de la Tour d'Auvergne.

(Télégraphique)

Paris, le 23 Mai, 1868 6 h 20 m soir
L'INTENTION du Gouvernement Français d'arriver à une entente avec le Gouvernement Anglais, et de ne pas se prévaloir jusqu'à du Décret, est si formellement

exprimée dans ma dépêche que je ne m'explique pas comment j'aurais pu le faire d'une manière plus expresse.

No. 89.

Lord Stanley to Mr. Wood.

(Telegraphic.)

Foreign Office, May 26, 1868.

As the assurances given by the Marquis de Moustier on the question of Tunisian finance are full and satisfactory, you will withdraw your opposition to the French Consul's communications with the Bey respecting the decree.

No. 90.

Lord Stanley to Lord Lyons.*

(Telegraphic.)

Foreign Office, May 26, 1868, 1 p.m.

As the assurances given by the Marquis de Moustier on the question of Tunisian finance are full and satisfactory, I have instructed Mr. Wood to withdraw his opposition to the French Consul-General's communications with the Bey respecting the decree.

No. 91.

Sir A. Paget to Lord Stanley.—(Received May 27.)

(No. 156.)

My Lord,

Florence, May 19, 1868.

I LOST no time in making Count Menabrea acquainted with your Lordship's answer to my telegram of the 16th instant, respecting the course which Her Majesty's Government intended to take in view of the French demands upon the Bey of Tunis, as made known to me in your Lordship's telegram of the 16th instant, and I have the honour to inclose herewith a copy of the confidential note which I addressed to Count Menabrea on this subject.

This morning I have seen his Excellency, and inquired if he had anything to state to me in reply to the above communication.

Count Menabrea informed me that he had no wish to thwart the French Government in obtaining from the Bey of Tunis what they considered due to their dignity, that he was only concerned about the interests of Italian creditors, and that the securities which had been given to them by the Bey should suffer no diminution, and provided that the French Government was prepared to modify the Decree in a way which would give satisfaction on this point he was quite ready, in concert with Her Majesty's Government to enter into a discussion upon the subject at Paris with the Government of the Emperor.

I understood from his Excellency that Chevalier Nigra and the Italian Consul-General had been instructed in the above sense, and that the latter would not oppose the issuing of the Decree by the Bey if His Highness thought proper to adopt this course.

I gathered, in short, that the line which Count Menabrea is prepared to adopt under present circumstances is in accordance with that proposed by your Lordship.

I have, &c

(Signed) A. PAGET

Inclosure in No. 91.

Sir A. Paget to Count Menabrea.

M. le Ministre,

Florence, le 16 Mai, 1868.

JE m'empresse de faire savoir à votre Excellence que Lord Stanley vient de me mander en réponse au télégramme que je lui ai envoyé par suite de notre conversation

* A similar telegram was sent to Sir A. Paget.

d'hier qu'il ne donnera pas de nouvelles instructions à notre Consul-Général à Tunis, jusqu'à ce qu'il ait pu communiquer d'une manière plus définie avec le Gouvernement Français, et qu'il ne compte pas s'opposer à la signature du Décret pourvu que les assurances à l'égard de la composition et des pouvoirs de la Commission lui paraissent satisfaisantes.

Agréez, &c
(Signé) A. PAGET

No. 92.

Sir A. Paget to Lord Stanley.—(Received May 27.)

(No. 157.)

My Lord,

Florence, May 22, 1868.

I HAD, this morning, a further interview with Count Menabrea upon the affairs of Tunis.

I informed his Excellency that, according to the most recent despatches which I had received, it appeared that your Lordship was awaiting a written communication from the French Government in confirmation of the numerous verbal assurances which had been given that the rights of other Powers would be respected, and that until it reached you, you would not send any fresh instructions to Her Majesty's Consul-General at Tunis.

Your Lordship, I added, did not wish to prevent the French from obtaining any purely formal satisfaction they might consider themselves entitled to claim, provided there were sufficient guarantees that the interests of British subjects would not be prejudiced.

I observed that there was a point upon which I did not quite clearly understand his Excellency in our last conversation (reported in my despatch No. 156 of the 10th instant), and upon which I should be obliged to him for precise information. I was not quite sure, I said, whether his Excellency had told me that he had already sent instructions to the Italian Consul-General to desist from opposition to the demands of France upon the Bey, or whether the sending of those instructions was only in contemplation, and was contingent upon the receipt from the French Government of more formal assurances than had yet been given as to the manner in which Italian creditors would be dealt with after the Decree had been obtained.

Count Menabrea replied that, as nearly as he could recollect, the precise substance of the instructions which he had sent to the Italian Consul-General was to the following effect: "Not to oppose any act which France might claim from the Bey as a satisfaction to her dignity, but to continue to protect the interests of his countrymen, to remind the Bey of the engagements he had taken towards them, for the fulfilment of which the Italian Government would hold him responsible."

Count Menabrea then went on to speak more generally on the affair in question. His Excellency said that the French Government had from the beginning wished to give a political aspect to it; but that he had uniformly resisted this pretension. It was one of a purely commercial and material kind, and he had desired M. Nigra to tell M. de Moustier that nothing should induce him to give it an other character. He had been perfectly consistent in his line of thought, and he had repeatedly stated what that line of thought had been, but as I have already reported it I need not repeat it. The Italian and English Governments, his Excellency continued, were in the position as it were, of guardians for the interests of their subjects, to whom they were responsible, for the due observance of the engagements taken towards them by a third party. If it were only an affair between Government and Government, Count Menabrea said, he might be more accommodating. The French Government had, in the course of the various communications which had passed, manifested a desire to treat with the Italian Government separately on these affairs, but Count Menabrea said that his reply had always been that the interests of Italy and England being identical, under no circumstances would he separate his action from that of Her Majesty's Government.

Count Menabrea laid particular stress upon this point, and as illustration of the expediency of both Governments acting together, he said that the securities which the French Government might offer when the Decree had been obtained might or might not be of equivalent value to those already possessed by the British and Italian creditors. If the latter there would be less ground of complaint on the part of the creditors of the respective nationalities, supposing the securities accepted for both were

the same, than if, as the result of separate negotiation by either of the two Governments, one set of creditors was more favoured than the other.

I did not discuss this point, but I assured Count Menabrea that Her Majesty's Government had every desire to act in concert with the Italian Government in this matter.

I have, &c.
(Signed) A. PAGET.

No. 93.

Sir A. Paget to Lord Stanley.—(Received May 27.)

(No. 159.)

My Lord,

Florence, May 23, 1867.

I HAVE just been informed by the Under-Secretary for Foreign Affairs that M. Nigra has announced that Baron Malaret, who returns to Florence to-morrow or next day from a temporary leave of absence, will make to the Italian Government a declaration respecting the interests of Italian subjects at Tunis, identical in terms to that which Count Maffei reports has been read to your Lordship respecting the rights of British creditors by the Prince de la Tour d'Auvergne, and which your Lordship is said to have considered satisfactory.

I have, &c.
(Signed) A. PAGET

No. 94.

The Italian Consul-General at Tunis to Count Menabrea.—(Communicated to Lord Stanley by Count Maffei, May 28.)

(Extrait.)

Le 18 Mai, 1868.

UN autre moyen de faire en tout prévaloir les intérêts Français, et qui pour d'autres raisons serait aussi à la convenance du Khasnadar, consiste dans le projet, qui n'a jamais été abandonné, d'un emprunt pour l'unification et conversion de ceux de 1863 et de 1865 en rente perpétuelle. Je m'étais déjà fait un devoir de signaler à votre Excellence un contrat de cette sorte passé à Paris entre le Général Si-Roustan, Ministre de l'Intérieur du Bey, et la Société Générale; je suis aujourd'hui en mesure de lui transcrire textuellement ici l'Article 8 de ce contrat, qui est pour nous de la plus haute importance, et que j'ai pu me procurer d'une façon tout à fait réservée:—

"Les garanties du service régulier de la rente perpétuelle 10 pour cent seront affectées par privilège sur les premiers revenus de la Régence de Tunis. A cet effet une caisse spéciale recevra les revenus affectés jusqu'à concurrence des sommes nécessaires tant au service semestriel de la rente qu'au remboursement des obligations du capital de 250 francs.

"Cette caisse sera placée sous la direction de la Commission Française qui sera instituée à Tunis, et qui fonctionnera aux conditions et suivant le mode qui résulteront d'une entente diplomatique entre le Gouvernement Français et Son Altesse Royale le Bey de Tunis."

De cette façon la France finira par atteindre son but, en mettant de côté l'Angleterre et l'Italie; et, ce qui est plus, en annulant les Conversions de l'année dernière, par la destination qui serait faite en garantie de la nouvelle opération financière des premiers revenus de la Régence de Tunis, qui sont affectés aux Conversions susdites.

No. 95.

Count Menabrea to Count Maffei.—(Communicated to Lord Stanley by Count Maffei, May 28.)

Le 23 Mai, 1868.

VEUILLEZ communiquer au Ministre des Affaires Etrangères que jusqu'à présent nous n'avons reçu aucune communication du Marquis de Moustier ayant trait aux garanties offertes par la France dans l'affaire de Tunis. Cette communication nous est annoncée pour l'arrivée à Florence du Baron Malaret, Ministre de la France auprès du Roi, actuellement en congé. Nous devons attendre par conséquent jusqu'à ce que la dite communication nous soit parvenue avant de donner de nouvelles instructions à notre Consul à Tunis."

No. 96.

Lord Lyons to Lord Stanley.—(Received May 29.)

(No. 506.)

My Lord,

Paris, May 28, 1868.

THE Marquis de Moustier told me this afternoon that he had heard with great satisfaction from the Prince de la Tour d'Auvergne that your Lordship had instructed Her Majesty's Agent at Tunis to abstain from interfering with the negotiations of the French Chargé d'Affaires with the Bey respecting the Decree appointing the Financial Commission. It now remained to be seen what the Bey would do. It was to be supposed that he would no longer hesitate to give due satisfaction to the dignity of France. So soon as this was done, M. de Moustier would proceed to examine, in common with Her Majesty's Government, the practical measures to be taken. He had never accepted the decree as anything but a pledge, and had always considered it to require modification, and he had, of course, been confirmed in this opinion by the objections made to it by Her Majesty's Government.

It would, M. de Moustier said in conclusion, be very desirable that the two Governments should carefully examine the condition of Tunis.

I have, &c.
(Signed) LYONS.

No. 97.

Count Maffei to Lord Stanley.—(Received May 29.)

My Lord,

28, Davies Street, Berkeley Square, May 29 1868.

IT just occurs to me that the passage of the despatch from Tunis I had the honour to leave yesterday into your Lordship's hands is somewhat incomplete.

I therefore inclose, for your Lordship's confidential perusal, a fuller extract of it, showing more clearly the situation of affairs as represented by the Italian Consul-General.

I remain, &c.
(Signed) A. MAFFEI

Inclosure in No. 97

The Italian Consul-General at Tunis to Count Menabrea.

(Extrait.)

Le 18 Mai, 1868.

JE crois que le Khasnadar, craignant peut-être que la France ne songe à demander son renvoi, semble plutôt incliné à faire des concessions; comme le serait, par exemple, l'exécution du Décret du Bey, sur la parole donnée par M. Rotundou qui n'en exigerait l'exécution qu'avec le consentement de ses collègues d'Angleterre et d'Italie.

Un autre moyen de faire en tout prévaloir les intérêts Français, et qui pour d'autres raisons serait aussi à la convenance du Khasnadar, consiste dans le projet, qui n'a jamais été abandonné, d'un emprunt nouveau pour l'unification et la conversion de ceux de 1863 et 1865 en rente perpétuelle. Je me suis déjà fait un devoir de signaler à votre Excellence une Convention de ce genre, passée à Paris entre le Général Si-Roustan, Ministre de l'Intérieur du Bey, et la Société Générale. Je suis aujourd'hui en mesure de vous transcrire ici textuellement l'Article 8 de ce contrat, qui est pour nous de la plus haute importance, et que j'ai pu me procurer de la façon la plus réservée:—

"Les garanties du service régulier de la rente perpétuelle 10 pour cent seront affectées par privilège sur les premiers revenus de la Régence de Tunis. A cet effet une caisse spéciale recevra les revenus affectés jusqu'à concurrence des sommes nécessaires tant au service semestriel de la rente qu'au remboursement des obligations du capital de 250 francs.

"Cette caisse sera placée sous la direction de la Commission Française qui sera instituée à Tunis et qui fonctionnera aux conditions et suivant le mode qui résulteront d'une entente diplomatique entre le Gouvernement Français et Son Altesse Royale le Bey de Tunis."

De cette façon la France finira par atteindre son but, en mettant de côté l'Angleterre et l'Italie, et en annulant, ce qui est plus, les Conversions faites l'année dernière, par la destination qui est faite par cet Article, comme garantie de la nouvelle opération financière, des premiers revenus de la Régence, qui étaient précisément ceux qui se trouvaient affectés aux Conversions susdites.

Le Bey n'est point encore assai pourtant de ce projet, non plus que d'autres offres d'emprunt du même genre, et toutes, paraît-il, fortement appuyées par la France, qui au sont faites par les Maisons Erlanger et Pinard, ainsi que par M.M. Lanze et Ruffier, qui étaient aussi intéressés dans la première combinaison Barreau et Cie. Ces deux derniers sont même arrivés ici par le paquebot Français de Jeudi dernier.

Heureusement que dans l'entourage du Khasnadar tout le monde n'est pas d'accord; chacun penche pour un côté, de telle sorte que rien n'a été décidé jusqu'ici. Ce qui est précisément ce que nous désirons, Mr Wood et moi, ne pouvant agir auprès du Bey, par la crainte de compromettre la personne par laquelle nous avons pu connaître le texte de l'Article 8 cité plus haut.

En attendant nous sommes tous deux sur nos gardes, prêts à user de notre influence pour empêcher que, par des actes semblables, la solution de la question actuelle ne soit rendue plus difficile encore.

Agréer, &c.
(Signé) G. L. PINNA.

No. 98.

Mr. Wood to Lord Stanley.—(Received June 1.)

(Telegraphic.)

Tunis, May 29, 1868.

HAVE received your Lordship's telegrams respecting Financial Commission, and have carried out your Lordship's instructions.

No. 99.

Mr. Wood to Lord Stanley.—(Received June 1.)

(Telegraphic.)

Tunis, May 30, 1868.

PURSUANT to instructions Decree sanctioned; French Consul resumed to-day relations with Bey.

No. 100.

Lord Stanley to Count Maffei.

Foreign Office, June 2, 1868.

LORD STANLEY presents his compliments to Count Maffei, and in acknowledging the receipt of his letter of the 29th ultimo, begs leave to express his thanks for the communication of the extract of M. Pinna's despatch therein inclosed.

No. 101.

Mr. Wood to Lord Stanley.—(Received June 3.)

(No. 26.)

My Lord,

Tunis, May 27 1868.

I HAVE the honour to state that General Count Ruffo, who was sent to Paris to offer explanations with reference to the misunderstanding that has occurred between His Highness and the French Chargé d'Affaires on the subject of the Financial Commission, has returned to Tunis without having, I regret to say, any satisfactory result.

Count Ruffo and General Rustem, Minister of the Interior, were twice received in audience by the Marquis de Moustier, who, whilst admitting that M. Botuillan had acted hastily in suspending his relations and had thereby placed the French Government in an embarrassing position, yet the dignity of France required some satisfaction, and his Excellency therefore demanded that the Bey should make *pro forma* either a written or a verbal declaration to the effect that he will carry out his promise to France to establish a Financial Commission, and that the declaration should be communicated to the Representatives of Great Britain and Italy; but that it should not interfere with the decision to which the three Governments should hereafter arrive with regard to the composition and attributes of the Commission.

In specifying the amount of reparation to which the French Government

considered it entitled to for an alleged breach of promise to its Representative on the part of the Bey, M. de Moustier insisted, however, that it should be given previous to the promulgation of the decision in question, and his Excellency, after these preliminary arrangements, accompanied by friendly expressions of good will towards the Bey, promised to furnish Count Ruffo with a note, for which purpose he desired him to prolong his stay in Paris.

Count Ruffo was subsequently invited to the Foreign Office by the Director of the Political Department, M. Desprez, who, instead of the promised note, delivered to him an unsigned *Pro Memoria*, a copy of which I venture to submit herewith. Although it purports to be a résumé of what took place in his two Conferences, yet the language of M. de Moustier was, on those occasions, much more elastic, and had it not been subsequently changed, would have opened the door to the obtainment of the *pro forma* satisfaction to which it seemed to point out, whereas the terms of the *Pro Memoria* are still more stringent.

After declaring that the Government of the Emperor considers the resolutions adopted by the Bey, and officially communicated to the Consul-General, as irrevocable, the *Pro Memoria* lays down two conditions by way of solution: namely, first, that the Bey shall definitively sanction the Decree of the 4th of April, leaving to him only the faculty of requesting the Cabinet of the Tuileries to employ its efforts with those of England and Italy to smooth down the difficulties that might arise on their side; and secondly, to clearly declare to the British and Italian Agents that His Highness being in honour bound towards France cannot in any manner release himself, but that he knows that the Cabinet of the Tuileries has decided to come to a direct understanding with the other two Cabinets with the object of protecting all legitimate interests.

Your Lordship will be pleased to perceive, from the letter and spirit of the *Pro Memoria*, that so far as the French Government is concerned, not only it has not shared its pretensions, but it lays claim, moreover, to represent the Bey with the Governments of Great Britain and Italy, and to defend the very rights of His Highness, which, it must feel, are compromised by its demanding the signature of the so-called Bey's Decree of the 4th of April, the draft of which did not emanate from him, but was transmitted from Paris, and which had occasioned the present embarrassments. I would not express a hope, however, should the Emperor's Government eventually obtain the signature of the Decree as a *pro forma* satisfaction, that some stringent provisions will be made to render it inoperative in any future contingency. Some such diplomatic arrangement, by way of a precautionary measure, appears, in my humble opinion, indispensable in view of the direct and indirect efforts that are being made to coerce a weak Government to forego its political existence in favour of an independent and irresponsible Foreign Financial Commission, with powers and attributes imperilling our own Treaty stipulations with the Regency, and, by our exclusion from it on a footing of equality, placing us in a position of inferiority in a country where the material interests of a large British Colony are of the highest importance.

Under these circumstances, your Lordship will be pleased to excuse my anxiety for instructions with reference to a question involving our future influence here, and in which we cannot conveniently separate our interests from those of the Prince to whom I have the honour to be accredited by Her Majesty's Government.

I have, &c.
(Signed) RICHARD WOOD

Inclosure in No. 101

Pro-Memoria

LE langage que le Ministre des Affaires Etrangères de l'Empereur a tenu au Général Comte Ruffo en présence de son Excellence le Général Rustem, peut se résumer ainsi :

Le Gouvernement Français a pris acte des résolutions adoptées par le Bey et communiquées officiellement au Consul-Général de France, et il les considère comme irrévocables. Le Consul-Général de France à Tunis a donc agi conformément à ses devoirs en suspendant ses relations au moment où l'on semblait retirer une parole donnée.

Pour que cette situation pût se dénouer il faudrait :—

1. Que le Bey en sanctionnant d'une manière définitive le Décret du 4 Avril remplît l'engagement qu'il a contracté envers le Gouvernement de l'Empereur; il pourrait seulement demander au Cabinet des Tuileries d'employer ses efforts auprès de l'Angleterre et de l'Italie pour aplanir les difficultés qui naîtraient de ce côté.

2. Que le Bey déclare nettement aux Consuls d'Angleterre et d'Italie que lié d'honneur envers la France, il ne pourrait se dégager en aucune façon, mais qu'il suit le Cabinet des Tuileries décidé à s'entendre directement avec les deux autres Cabinets dans le but de sauvegarder tous les intérêts légitimes; en ajoutant qu'il est quant à lui disposé à se prêter aux modifications qu'il lui seraient proposées d'un commun accord.

Mai 1868

No. 102

Str A. Paget to Lord Stanley.—(Received June 5.)

(No. 167.)

My Lord,

Florence, June 1, 1868.

I LOST no time in communicating to Count Menabrea your Lordship's telegram of the 26th instant, stating that, as the assurances given by the Marquis de Moustier on the question of Tunis Finance are full and satisfactory, your Lordship had instructed Mr. Wood to withdraw his opposition to the French Consul-General's communications with the Bey respecting the Decree.

I have now the honour to report that the French Minister to this Court, who returned from Paris on Friday last, the 29th instant, has made to Count Menabrea a similar communication to that made to your Lordship on the above subject, and that Count Menabrea has sent instructions to the Italian Consul-General at Tunis in the same sense as those given by your Lordship to Mr. Wood.

I have, &c.
(Signed) A. PAGET

No. 103

Lord Lyons to Lord Stanley.—(Received June 5.)

(No. 527)

My Lord,

Paris, June 4, 1868

I HAVE the honour to inclose herewith to your Lordship, extracted from the "Moniteur" of this day, a telegraphic despatch from the French Chargé d'Affaires at Tunis announcing that he has resumed diplomatic relations with the Bey.

I have, &c.
(Signed) LYONS.

Inclosure in No. 103

Extract from the "Moniteur" of June 4, 1868.

Paris, June 5, 1868.

BULLETIN

LE Ministre des Affaires Etrangères a reçu ce matin de Tunis la dépêche télégraphique suivante:—

"Tunis, 30 Mai, 1868

"Le Consul-Général de France au Ministre des Affaires Etrangères.

"Le khaznadar est venu ce matin chez moi en uniforme, accompagné du Comte Raffa, m'apporter la ratification du Bey.

"J'ai relevé mon pavillon et repris mes relations avec le Gouvernement Tunisien.
(Signé) "DE BOTMILIAU"

No. 104.

Lord Lyons to Lord Stanley.—(Received June 5.)

(No. 529)

My Lord,

Paris, June 4, 1868.

THE Marquis de Moustier said to me this afternoon that the difference between the French Government and the Bey of Tunis had been settled to his entire satisfaction,

and that M de Botmiliau had resumed friendly relations with the Tunisian Government, and appeared to have come to a cordial understanding with Her Majesty's Agent and with his other colleagues.

Thus being the case, M. de Moustier was (he went on to say) anxious to proceed at once to a practical settlement of the financial question. There were, he observed, two points to be considered, the one concerning the nature and amount of the various foreign claims on the Tunisian Government, the other relative to the composition and functions of the Commission which was to direct the finances with a view to securing a fair treatment of those claims. M de Moustier thought that the best course would be to begin with the first point, and when the nature and extent of the claims had been ascertained then to go on to what he termed the political question, that is to say, the actual establishment of the Commission. If I agreed to this mode of proceeding he would beg me to communicate to him a statement of the British claims, he would ask the Prussian and Italian Representatives for a similar statement of the claims of their respective countrymen, and he should be ready on his part to lay before us a statement of the French claims.

I told M. de Moustier that I would, without delay, report this proposal to your Lordship and ask you for instructions respecting it.

I have, &c.
(Signed) LYONS.

No. 105.

Lord Stanley to Lord Lyons.

(No. 353.)

My Lord,

Foreign Office, June 5, 1868.

I STATED to your Excellency in my despatch No. 328 of the 23rd of May, that I had informed the Prince de la Tour d'Auvergne that the promises given by the Marquis de Moustier in his despatch of the 21st of that month on the Tunisian question were less precise than those given verbally to your Excellency by the Marquis, and that I had requested the Prince to say whether I might understand that the despatch of the 21st of May contained a distinct promise that the French Government would not act on the Bey's Decree until the two Governments of England and France should have come to an understanding as to the modifications to be made in it.

The Prince, I said, replied that, although he thought himself authorized to give such an assurance, he would obtain by telegraph a confirmation of it from the Marquis de Moustier.

On the following day the Prince de la Tour d'Auvergne communicated to me a telegram from the Marquis de Moustier, dated May 23, 8.20 p.m., saying that the intention of the French Government to come to an understanding with that of England, and until it had done so not to take advantage of the Bey's Decree ("et de ne pas se prévaloir jusque là du Décret") was so formally expressed in M. de Moustier's despatch that he was at a loss to conceive how he could have expressed it more explicitly.

On the strength of this answer I sent to Mr Wood on the 26th of May the telegram of which I informed you in the afternoon of that day.

I may add that the ambiguity in M. de Moustier's despatch, to which exception was taken, consisted in the despatch appearing to leave it open to the French Government, if it failed in coming to an agreement with that of England, to insist upon the literal fulfilment by the Bey of the terms of his Decree.

I am, &c.
(Signed) STANLEY

No. 106.

Lord Stanley to Mr. Wood

(Telegraphic.)

Foreign Office, June 5, 1868.

SEND to Lord Lyons, as soon as possible, a detailed statement of all British claims on the Tunisian Government.

Lord Lyons to Lord Stanley.—(Received June 6.)

(No. 538.)

My Lord,

I HAVE the honour to inclose herewith to your Lordship, extracted from the "Moniteur" of this day, an account of the resumption of relations between the French Agent at Tunis and the Government of the Bey.

I have, &c.
(Signed) LYONS.

Inclosure in No. 107

Extract from the "Moniteur" of June 5, 1868

Paris, le 4 Juin, 1868.

BULLETIN

NOUS avons publié hier la dépêche télégraphique par laquelle le Consul-Général de France à Tunis a annoncé au Ministre des Affaires Étrangères de l'Empereur qu'il avait reçu du Bey la ratification des Décrets précédemment rendus par Son Altesse et non ratifiés jusqu'à ce jour. Nous avons aujourd'hui quelques détails sur la réception au Consulat-Général des Envoyés du Bey.

Le 30 Mai, le Khazbadar, Premier Ministre de la Régence, et le Comte Raffo, Aide-de-camp et Secrétaire Interprète du Bey, se sont présentés en uniforme à l'hôtel du Consulat Général pour remettre officiellement une lettre du Bey à M. de Botmiliau, qui était lui-même entouré du personnel et des officiers de la Mission française et de plusieurs notables de la colonie.

Dans ce document, Son Altesse, après avoir manifesté son profond regret de la suspension momentanée des relations diplomatiques entre les deux pays et exprimé son désir de les voir de nouveau rétablies sur le pied d'amitié antérieur, déclare adhérer à la formation d'une Commission Financière chargée du règlement des intérêts réciproques.

A la suite de cette démarche solennelle, le Consul-Général de France a relevé son pavillon et repris ses relations avec le Gouvernement Tunisien.

Lord Stanley to Lord Lyons.

(No. 358.)

My Lord,

I HAVE received your Excellency's despatch No. 529 of the 4th of June, reporting a conversation with M. de Moustier, on the subject of the Finance Commission to be established at Tunis.

I see no objection to statements being made of the nature and extent of the claims of British, French, Italian, and German Governments on the Regency, and to such statements being interchanged between the Representatives of the four Powers at Paris as matters of general information, and I have desired Mr Wood to furnish your Excellency with a statement of British claims.

But Her Majesty's Government are not prepared to consent to an inquiry being held at Paris to determine the validity either of British or of any other claims. That is not the point at issue. The point is, in what manner a Commission shall be established at Tunis, whose functions shall be to secure a proper administration of the finances of the Regency, under which provision shall be made not only for foreign creditors, *pro rata* if necessary, but also for the current expenditure of the Government.

Her Majesty's Government are not prepared to delegate to the Commission an examination into the claims of foreign creditors. Their validity is either notorious, or at all events is merely a matter to be debated between the Tunisian Government and the Government of the claimants.

It may be convenient that the Commission should know what amount may be required for British, what for French, what for Italian, and what for German claims, as well as what amount may be required for the current expenditure of the Tunisian Government. These may be necessary data, and the knowledge of them may much

assist the inquiries of the Commission, and their decision on the course to be adopted, with a view to provide either wholly or partially, but under any circumstances in reasonable proportions, for the foreign creditors, after setting apart so much of the revenues of Tunis as may be indispensable for the wants of the Government or the Regency.

I have forwarded a copy of this despatch to Her Majesty's Representatives at Berlin and at Florence.

I am, &c.
(Signed) STANLEY.

Mr. Wood to Lord Stanley.—(Received June 10.)

(No. 29.)

My Lord,

Tunis, June 1, 1868.

I HAVE the honour to state that, having acquainted the Bey with the substance of your Lordship's telegram of the 23rd of May, instructing me not to interfere for the present between His Highness and the French Chargé d'Affaires in respect to the Financial Commission, in consequence of the full and satisfactory assurances which the Marquis de Moustier had given relative to that matter His Highness invited me to a private interview to enable Count Raffo to furnish me in his presence with ample details on his recent mission to Paris, in elucidation of the objects sought to be attained by the demands conveyed in the French "Pro Memoria" of which he was the bearer, and a compliance with which conditions alone would be considered by the French Government as a satisfaction for the Bey's refusal to sign the Decree authorizing the creation of the Commission.

The fact of the assurances given being posterior to the date of the Pro Memoria left no further room to doubt that M. de Moustier had abandoned, owing to the representations of Her Majesty's Government, the attitude he had previously assumed in the question, and that his Excellency was only seeking a *pro forma* repudiation in order to enable the French Chargé d'Affaires to resume with dignity his relations with the Tunisian Government. Under these altered circumstances, it remained to be considered in what manner the satisfaction could be granted without laying the foundation for future local misunderstandings.

To accomplish so desirable an object and to remove the apprehensions of my Italian colleague, who was directed by his Government to act in perfect accord with me, it was decided that the two conditions laid down in the Pro Memoria should be complied with, but should be availed of, at the same time, to strengthen and formally reconfirm the verbal assurances previously given by the Bey to the British and Italian Representatives that no definitive arrangements should take place on the subject of the Commission without the direct concurrence of their respective Governments.

With this double object in view, the Bey has addressed a letter to M. Botmiliau sanctioning, in so far as he was concerned, the project (in the absence of the supposed Decree) of the 4th of April, and inclosing a copy of his reply to my note of the 7th of April, wherein His Highness informs me that the Cabinet of the Tulerias had decided to come to a direct understanding with the Cabinets of St. James's and of Florence, in the question of the Commission for the purpose of protecting the legitimate interests of all, and that he would adopt the modifications which the three Governments should, in common accord, propose to him. A similar communication was made to my Italian colleague, and it was thought that the acceptance of and acquiescence in the formal declaration thus renewed to us by the Bey without opposition or objection on the part of the French Chargé d'Affaires would deter him from further action in the matter, pending the decision of our Governments.

On the 30th instant, therefore, the Prime Minister, accompanied by Count Raffo, proceeded in uniform to the residence of the French Chargé d'Affaires to deliver to him the Bey's letter, a copy of which, together with its inclosure addressed to me, I venture to submit herewith, and, agreeably to a previous agreement, the French flag was rehearsed and displayed on his Excellency alighting from his carriage.

The French Chargé d'Affaires has consequently resumed his relations with the Tunisian Government, not, however, without a sentiment of reluctance, it being his impression that the Marquis de Moustier should have declined to receive the Bey's Envoy, but should have desired him to return to Tunis and arrange the matter by direct with the French Representative. According to this admission, therefore, the object for which it was recommended that Count Raffo should be sent to Paris, namely to give

to the Emperor's Government an opportunity to rectify the hasty step taken by M. Botmiliou, was successful, at the same time that it has accelerated the satisfactory solution of the question at issue.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure 1 in No. 100.

The Bey of Tunis to M. de Botmiliou.

(Translation.)

(After the usual compliments.)

NOUS nous empressons de vous exprimer notre profond regret pour la mesure que vous avez cru devoir prendre, en suspendant vos relations avec notre Gouvernement, ainsi que le désir que nous avons de les voir de nouveau rétablies sur le même pied d'amitié qui a toujours existé entre nous et votre Gouvernement. Afin d'atteindre ce but, nous nous faisons un plaisir de vous renouveler l'assurance que nous vous avons déjà donnée, que nous avons à cœur la formation d'une Commission Financière, et que nous ne demandons rien de mieux qu'une entente amicale à l'égard des arrangements nécessaires à sa formation. En effet, le 12 Khada dernier, notre Ministre vous transmettait un projet qui est resté en souffrance jusqu'à ce jour à cause de circonstances qui vous sont bien connues, mais qu'en ce qui nous regarde, nous venons maintenant sanctionner par la présente. Tout en vous faisant cette déclaration, nous espérons que le Gouvernement de l'Empereur voudra bien apaiser les difficultés qui pourraient naître dans cette affaire. Ci joint nous vous remettons copie de la lettre que nous adressons aux Consuls d'Angleterre et d'Italie, dans laquelle nous les informons que nous savons que votre Gouvernement a décidé de s'entendre directement avec leurs Gouvernements respectifs dans le but de sauvegarder tous les intérêts légitimes, tout en leur déclarant que nous sommes disposés à nous prêter aux modifications qui nous seraient suggérées d'un commun accord.

(L.S.) MOHAMED EL SADDOK.

Inclosure 2 in No. 100.

The Bey of Tunis to Mr. Wood.

(Translation.)

DE la part du serviteur de Dieu qui se confie en Lui et remets tous ses actions à Lui, le Mufti Mohamed E. Saddok, Pasha Bey, possesseur du Royaume de Tunis, à l'Honorable, le Parfait un des Distingués, Richard Wood, Esquire, Agent et Consul-Général de Sa Majesté Britannique, puisse Dieu le préserver!

Dans votre lettre du 7 Avril vous nous avez demandé de suspendre notre action à l'égard de la formation d'une Commission Financière, jusqu'à ce que votre Gouvernement ait eu le temps de s'entendre avec les autres Gouvernements intéressés. Maintenant nous avons acquis la certitude que le Cabinet des Tuileries, cédant à ce sentiment de justice qui le guide, a décidé de s'entendre directement avec votre Gouvernement et celui de l'Italie dans le but de sauvegarder tous les intérêts légitimes; et nous, liés d'honneur avec lui, n'avons conséquemment pas hésité à sanctionner le projet formé par notre Ministre le 12 Kaada dernier.* Nous venons vous en informer pour vous prior en même temps de solliciter votre Gouvernement à vouloir bien s'entendre avec celui de France et d'Italie sur les modifications qu'ils croiront propres dans leur sagesse de nous suggérer à ce propos, et nous nous déclarons disposés à nous prêter aux modifications qui nous seraient proposées d'un commun accord entre eux tous.

(L.S.) MOHAMED EL SADDOK.

8 Safer, 1285 (May 29, 1865).

No. 110.

Lord Lyons to Lord Stanley.—(Received June 12.)

No. 550.)

My Lord,

I READ this afternoon to the Marquis de Moustier your Lordship's despatch to me No. 558 of the 6th instant, stating the view taken by Her Majesty's Government of

* April 4.

his Excellency's proposal that, as a first step towards settling the financial affairs of Tunis, the Representatives at Paris of the several Governments concerned should communicate to each other a statement of the claims of their respective countrymen.

When I had read the third paragraph, which begins by stating that Her Majesty's Government are not prepared to consent to an inquiry being held at Paris to determine the validity either of the British claims or any other claims, M. de Moustier observed that he was very far from intending or desiring that anything like a Tribunal should be set up at Paris for the examination of the various claims. He thought, however, that when the statements of these claims were produced, the Representatives of the several Governments would probably find it advisable to interchange in a friendly manner observations upon them. For the rest, he agreed with your Lordship that the main object of the negotiation was to determine in what manner a Commission should be established at Tunis, whose functions should be to secure a proper administration of the finances, under which provision should be made not only for the foreign claims, but also for the current expenditure of the Government. He presumed, also, that Her Majesty's Government would hold with him that advantage should be taken of the Bey's offer to make over to this Commission the office of collecting and distributing the revenues of the Agency.

M. de Moustier went on to tell me that he had a proposal to make to me respecting the mode of conducting the negotiation. It would, he said, be very irksome and inconvenient for him, and he presumed for the Chiefs of the several Missions also, to examine all the details of the affairs themselves. He would propose that we should name from our subordinates delegates to relieve us of this labour, such delegates to act of course wholly under the orders of their respective Chiefs.

I asked M. de Moustier what was the present state of the negotiations of the Bey with capitalists at Paris for a loan, or rather for a conversion of the Tunisian debt. He said, that the contract had, as I was already aware, been signed some time ago, but that it was not to be carried into execution until the French Government had announced that satisfactory arrangements had been made respecting the future administration of the Tunisian finances. M. Moustier added, that he had not yet made this announcement, and that he did not intend to do so until the affair of the Commission was settled.

I have made the Prussian Ambassador and the Italian Minister acquainted with the substance of the despatch from your Lordship, which, as I have said above, I read to M. de Moustier this afternoon.

I have, &c.
(Signed) LYONS.

No. 111

Lord Stanley to Lord Lyons.

(No. 870.)

My Lord,

Foreign Office, June 13, 1868.

I HAVE received your Excellency's despatch No. 550 of the 11th of June, reporting a conversation with the Marquis de Moustier on the subject of the Tunisian Financial Commission.

Her Majesty's Government are glad to find that there is so much identity between their views on the subject and those of the Government of France, as expressed by M. de Moustier.

Her Majesty's Government have no objection, unless any should occur to your Excellency, to the primary investigation of the matters to be settled between the Governments being committed to subordinate officers appointed respectively by M. de Moustier and the Heads of the Missions interested—such investigation being directed merely to the constitution, attributes, and functions of the Commission proposed to be established at Tunis, but they see no advantage in an interchange at Paris, between the Representatives of the different Governments of any class, of ideas on the amount of the claims of their respective subjects. This interchange would, in effect, amount to an investigation into the merits of the several claims, and that is a matter which, as I have said before, is not for discussion at Paris.

Her Majesty's Government are glad to find that, pending a settlement being arrived at among the several Governments, M. de Moustier has deemed it advisable to maintain an attitude of reserve in regard to the negotiations between capitalists at

Paris and the Bey for the conversion of Tunisian debts, and they trust that his Excellency will continue to do so.

Her Majesty's Government entirely approve of your communicating fully on these matters with the Representatives of Prussia and of Italy.

I am, &c.
(Signed) STANLEY.

No. 112.

Lord Lyons to Lord Stanley.—(Received June 19.)

(No. 566. Confidential.)

My Lord,

Paris, June 18, 1868.

I HAVE the honour to transmit to your Lordship a copy of a paper which has been put very confidentially into my hands. It contains an outline of a scheme for the arrangement of the financial affairs of Tunis, which has, I am told, been concerted by a Mr. Blackmore on behalf of himself and other English capitalists, with a Dr. Casanova, a physician of the Bey of Tunis, stated to be now at Paris. It is affirmed that this scheme will eventually be brought before your Lordship as a proposal from the Bey of Tunis.

Mr. Blackmore caused an intimation to be given me that he would be happy to call upon me, in order to speak to me on the financial affairs at Tunis. I thought it prudent, however, to avoid entering into any communication with him. In the present state of our negotiations with France, I feared that any separate discussion of the matter by me with a private speculator might give rise to suspicion on the part of the French Government, and to other inconveniences.

Your Lordship will observe that the inclosed scheme proposes that the French creditors shall have two Representatives in the Financial Commission, while England, Prussia, and Italy have only one each. It provides also for a guarantee of the independence of Tunis, by England, France, Prussia, and Italy.

I am, &c.
(Signed) LYONS.

Inclosure in No. 112.

Outline of Scheme for the Arrangement of the Financial Affairs of Tunis.

(Confidential.)

THE scheme proposed to the advisers of the Bey of Tunis has for its object —

1. The consolidation (unification) of all the outstanding liabilities of the Regency, which are—Two loans held in France; internal loans; and floating debt.
2. The payment of interest on this consolidated debt at 7 per cent., and the redemption of the entire debt in seventeen and a-half years by means of a sinking fund, and
3. A provision for the necessary annual expenditure of the Regency.

An examination into this expenditure shows that it can be reduced to the extent of 5,000,000 francs, by reduction of the army and navy expenditure.

It is suggested that the Regency shall reduce the expenditure for this purpose by this amount, and that the entire revenue of the Regency, about 25,000,000 francs, be received by seven Commissioners to be appointed: two on behalf of the French creditors; two on behalf of the Regency; one by England; one by Prussia; one by Italy.

On this reduction being made, the independence of the Regency to be guaranteed by England, France, Prussia, and Italy. Out of the revenue the Commissioner to pay the Bey annually an amount equal to the present expense of the Regency, less the reduction proposed in the army and navy expenditures.

It is estimated that the present revenue will be sufficient to pay 7 per cent interest, and provide for the redemption of the loan in seventeen and a-half years.

No. 113.

Sir A. Paget to Lord Stanley.—(Received June 20.)

(No. 183.)

My Lord,

Florence, June 16, 1868.

I HAVE the honour to inform your Lordship that I have acquainted Count Menabrea with the instructions contained in your Lordship's despatch to Lord Lyons No. 358 of the 8th instant, relative to the functions of the Commission which is to assemble upon the financial affairs of Tunis, a copy of which is inclosed in your Lordship's despatch to me No. 89 of the 9th instant, and that his Excellency stated to me that he entirely coincided with your Lordship's views, and that he had sent instructions in exactly the same sense to the Italian Minister at Paris.

I am, &c.
(Signed) A. PAGET

No. 114.

Lord Stanley to Lord Lyons.

(No. 393.)

My Lord,

Foreign Office June 20 1868

I HAVE received your Excellency's confidential despatch No. 500 of the 18th instant, inclosing a copy of a scheme which had been communicated to you for the arrangement of the financial affairs of Tunis, and stating the reasons why your Excellency refused to enter into communication with a Mr. Blackmore who was supposed to have, with other parties whom you mention, concerted the scheme in question.

I have to approve your Excellency's decision to decline to have any communication with a private person on such a matter. The scheme, inasmuch as it contemplates a large financial operation, goes far beyond anything that Her Majesty's Government contemplate engaging in. They merely propose to deal with things as they are, not in speculative operations.

I am, &c.
(Signed) STANLEY

No. 115.

Mr. Wood to Lord Stanley.—(Received June 21)

(No. 30.)

My Lord,

Tunis, June 9, 1868.

ON the termination of the French difficulty the Bey sent to me his Minister of Finance to request that I would convey to your Lordship His Highness's most grateful thanks for the intervention of Her Majesty's Government, with that of France, to bring about a satisfactory solution of the question that had arisen between him and the French Charge d'Affaires, and to express his deep sense of obligation for the interest evinced, and the support given to him by your Lordship, whilst he regretted that the embarrassments of his Government should have caused trouble to those of the friendly Powers, whose disinterested policy induce them to desire the welfare and prosperity of the Regency.

In calling on His Highness to assure him that I would faithfully communicate his message, he availed himself of the occasion to repeat his thanks in terms which displayed much proper feeling and sincerity; and although I endeavoured, in my replies, to avoid every expression that might have the semblance of a wish to put him under an obligation, yet he frankly and honestly stated that he owed for the second time the preservation of his country to the friendly interposition and protection of Her Majesty's Government.

The Bey inquired with some anxiety whether I could acquaint him with the arrangements entered into between Great Britain, France, and Italy, or upon what basis they would sanction the establishment of the Mixed Financial Commission. I answered that I had no precise information relative to those points; but that I had

reason to believe that in the discussion of a subject, which, although ostensibly commercial was, nevertheless, essentially political in its bearing, involving the future status of the Regency as well as international rights that could not be safely overlooked, the three Cabinets would be guided in their decision by principles, irrespective of local, national, or separate interests, that although this opinion was a personal one, yet I had come to that conclusion from a conviction of the difficulties, if not of the impossibility of permanently determining and fixing the amount of each separate national interest, inasmuch as the amount of those interests must necessarily fluctuate according to the sale and purchase of Tunisian stock in the money markets of Paris, London, Florence, and Frankfurt, as well as in that of Tunis, whose marketable bonds for about 40,000,000 francs, change hands to meet the necessities of the commercial community, which tolls, however, it must be stated, furnished the above large accommodation to the Tunisian Government at par, and at a moderate rate of interest.

The Bey observed that, independently of the foregoing consideration, it must be also borne in mind that the two Tunisian loans as well as the local conversions were not consolidated, but extinguishable in ten or twelve years; and that although he hoped he would never be again obliged to have recourse to a foreign loan, yet such a contingency might arise, in which case, as it would be but fair he should be allowed to procure it at the cheapest money market, he concurred in thinking it desirable that the Commission should be established upon general principles for the common protection both of present and future interests, and not in behalf of separate ones, subject to daily fluctuation.

It is obvious that by this latter remark, His Highness intended to allude to the circumstance that, when in 1863, he contracted with a highly respectable house in London for 35,000,000 francs, on very moderate terms, M. Roches, the French Representative, prevented the Bey from ratifying the contract under a threat of bringing about a serious political question between him and the French Government. His Highness was obliged to yield, to obviate embarrassments and difficulties, notwithstanding that the conditions of the English firm were more advantageous by 12,000,000 francs over those of the French contractors. It is a well established fact that, out of the loan of 35,000,000 issued in Paris, the Tunisian Government only received 1,000,000 in cash; the remainder disappeared in heavy commissions and other equally heavy contingent expenses, as well as in the purchase at low prices of old Treasury bonds, which were remitted in payment of the balance of the loan. What, however, appears to cause a profound regret, is the reflection that a too ready compliance at that period with M. Roches's demand, at the sacrifice of millions, should be now made the ground of complaint on the part of the Emperor's Government, and of difficulty and danger to the Regency. The absorption of the first loan in the way indicated above, necessitated a second loan of 35,000,000 in 1865, but of this sum the Tunisian Treasury was only fortunate enough to receive about 8,000,000, the remainder having been retained for expenses, for the payment of the first year's interest, and in reimbursement of contracts, the acceptance of which was urged upon the Tunisian Government on the plea that it would encourage people to invest their money in the loan; but which contracts were executed in a manner which public opinion reprobated at the time.

I have dwelt on these matters because it is reported that the Marquis de Moustier, being under the impression, owing to the interested representations of certain parties, that the French claims considerably surpass in amount those of other nationalities, is seeking to obtain for them exceptional protection by the introduction of a larger number of French members in the Commission, whereas, in reality, they do not exceed the latter in value.

I have, &c.
(Signed) RICHARD WOOD.

No. 116.

Mr. Wood to Lord Stanley.—(Received June 22.)

(No. 31.)
My Lord,

Tunis, June 13, 1868.

IT was only on the 11th of June that I had the honour to receive your Lordship's telegram of the 5th, via Algiers, instructing me to send to Lord Lyons, as soon as possible, a detailed statement of all the British claims on the Tunisian Government; and in consequence of this delay, which prevented me from transmitting the statement by to-day's conveyance, I have telegraphed to his Excellency to say that I would comply with your Lordship's instructions by the earliest opportunity.

I have, &c.
(Signed) RICHARD WOOD.

No. 117.

Lord A. Loftus to Lord Stanley.—(Received June 22.)

(No. 235.)
My Lord,

Berlin, June 20, 1868.

I HAVE communicated to Baron Thile the substance of your Lordship's despatch No. 358 of the 8th instant to Lord Lyons, on the proposal made by the Marquis de Moustier with reference to the mode of proceeding for settling the financial claims of foreign creditors on the Government of Tunis.

Baron Thile said that the Prussian Government concurred in the opinions expressed by your Lordship, and that instructions in a similar sense would be sent to the Prussian Representative at Paris.

I have, &c.
(Signed) AUGUSTUS LOFTUS.

No. 118.

Lord Lyons to Lord Stanley.—(Received June 28.)

(No. 586.)
My Lord,

Paris, June 27, 1868.

I HAVE the honour to transmit to your Lordship copies of a despatch which I have received to-day from Her Majesty's Agent and Consul-General at Tunis, and of two papers inclosed in it, the one being a statement of the British claims on the Tunisian Government, and the other a general statement of the foreign and local debts of that Government.

I do not purpose to communicate either with the French Government or with my Prussian and Italian colleagues on the subject of these papers until I have the honour to receive from your Lordship an answer to this despatch.

I have, &c.
(Signed) LYONS.

Inclosure 1 in No. 118.

Mr. Wood to Lord Lyons, June 20, 1868.

[See Inclosure 1 in No. 120.]

Inclosure 2 in No. 118.

Statement of British Claims.

[See Inclosure 2 in No. 120.]

Inclosure 3 in No. 118.

Statement of Tunisian Foreign and Local Debts.

[See Inclosure 3 in No. 120.]

No. 119.

Lord Stanley to Lord Lyons.

(No. 413.)

My Lord,

Foreign Office, June 29, 1868.

I HAVE received your despatch No. 586 of the 29th of June, inclosing a copy of a despatch from Mr. Wood respecting the claims of British subjects in Tunis, and the general indebtedness of the Regency.

I see no objection to your communicating to the Marquis de Moustier and to your Prussian and Italian colleagues the inclosures of Mr. Wood's despatch, and, according as you may think expedient, the general purport of it, but merely as a matter of information, and not with a view of encouraging discussion on the exactness of the statements or the merits of the particular claims.

Her Majesty's Government adhere to the opinion which I have already expressed to your Excellency, and which, if you think it expedient to do so, you may state in writing to M. de Moustier, that those matters do not come within the scope of the inquiry to be made at Paris, which is strictly limited to the best mode of constituting a Financial Commission. But while adhering strictly to this limitation, it certainly appears to Her Majesty's Government that Mr. Wood's view is correct as to the principle on which the Commission should be constituted; and that, looking to the character of a large portion of the debt, which is constantly changing hands, the only satisfactory basis on which the Commission can be constituted is that of perfect equality of representation as regards the different nationalities to be represented in it.

I am, &c.

(Signed) STANLEY

No. 120.

Mr. Wood to Lord Stanley.—(Received June 29)

(No. 52)

My Lord,

Tunis, June 20, 1868.

IN obedience to your Lordship's instructions I have transmitted to Her Majesty's Ambassador at Paris, a statement of British claims on the Tunisian Government, so far as those claims can be ascertained, or have come under the more immediate notice of Her Majesty's Consulate.

In submitting these documents to your Lordship I may be permitted to state that the approximate amount of the local claims is about 12,000,000 francs, to which must be added from 3,000,000 to 4,000,000 of Tunisian stock, said to be held by capitalists in Malta. These two items, forming in the aggregate from 15,000,000 to 16,000,000 francs are exclusive of the coupons of the Tunisian loans, and of the Treasury bonds in deposit, or in circulation in the London money market.

I have deemed it also useful to put Lord Lyons in possession of a correct statement of the whole local and foreign indebtedness of the Tunisian Government, in order to meet the constantly recurring argument that, as the French claims are in excess of those of other nationalities, they are entitled to greater protection by superior representation in the Financial Commission. But the fact is that out of the 56,000,000 francs, constituting the local debt, upwards of 30,000,000 francs are due to British and Italian creditors alone, and the balance 26,000,000 to French, Spanish, Tunisian, Austrian, and Swedish creditors.

In like manner, of the 88,000 Tunisian bonds of the loans 1863 and 1865, not yet amortized, representing nominally 44,000,000, but effectively 36,000,000 francs: about one-half are held by the Bey's subjects, and the remainder of the bonds or coupons, valued at 18,000,000, are in circulation in the money markets of Paris, Frankfurt, London, Florence, Tunis, and Malta.

In reality, therefore, apart from plausible representations and calculations, the investments of French subjects do not surpass the amounts claimed severally by British

and Italian creditors. But whilst these claims are extinguishable in ten or twelve years, the permanent local and material interests of the British and Maltese colonists in the Regency, requiring present and future protection, amount to millions; it being affirmed as a proof in point, that of the 100,000,000 francs due by the inhabitants of the two districts of Sousa and Sfax to Europeans for advances made to them, property representing a value of 80,000,000, is held in mortgage by British and Italian subjects alone, a fact that cannot but have its weight in the arrangements to be made for the more efficient protection of European interests in general by the creation of a Mixed Financial Commission.

I have, &c.

(Signed) RICHARD WOOD.

Inclosure 1 in No. 120.

Mr. Wood to Lord Lyons.

My Lord,

Tunis, June 20, 1868.

IN obedience to Lord Stanley's instructions, I have the honour to transmit herewith inclosed a statement of British claims on the Tunisian Government, amounting to upwards of 12,000,000 francs.

This amount, however, can only be taken as approximate, inasmuch as it comprises that portion of British claims which have come under the more immediate notice of Her Majesty's Consulate General there being other creditors who have not deemed it necessary to make its interference, or did not consider it opportune to render public the amount of their investments in Tunisian stock, be it from an apprehension that this knowledge might prejudice their credit in Europe, or fix in a feeling of reluctance, not uncommon among mercantile establishments to publish the amount of their capital.

Besides the inclosed statement, it is affirmed that bonds of the Tunisian loans of 1863 and 1865 to the amount of from 3,000,000 to 4,000,000 francs are held by capitalists in Malta. Similar bonds, as well as Tunisian Treasury bonds, likewise exist in the London money market, but to what amount I am unable to state, having only heard incidentally that one house alone had purchased for the value of 1,200,000 francs. This circumstance, however, can form no data as to the real amount of Tunisian bonds either in circulation or in the possession of British speculators in foreign stocks. Although, according to the foregoing approximate calculation, exclusive of the Tunisian bonds in England, the claims of the British creditors would amount to about 16,000,000 francs, nevertheless I may be allowed to repeat the observation I have ventured to make in my despatch on the same subject to Her Majesty's Principal Secretary of State for Foreign Affairs, that it is difficult to determine in any satisfactory manner the amount of the separate claims of the different nationalities in consequence of the daily sale and purchase of Tunisian stock on the exchanges of Paris, Florence, Frankfurt, London, Malta, and Tunis, either for purposes of speculation, or to meet the necessities of the commercial community. I have advisedly drawn attention to this circumstance because, should it be deemed worthy of consideration, it will facilitate the arrangements for the formation of the Mixed Financial Commission upon the principle of equal representation, instead of upon that of separate national interests, subject to constant fluctuations, were the latter principle to be adopted, the fluctuations referred to would necessitate analogous mutations in the composition of the Commission; for if Italy, for instance, pretended to a superior representation in the Commission on account of the larger amount of Italian claims, there is no reason why Great Britain, acting upon the same principle, should not also demand additional representation whenever British capitalists should think it their interest to make equal or even larger investments in Tunisian stock than those effected by the Italians. Such questions would undoubtedly arise from time to time, and those who conceived that their interests were insufficiently represented and protected would urge them upon the consideration of their Governments at perhaps inconvenient and unreasonable moments.

Amongst other obvious reasons why the formation of the Commission should be based upon the principle of equal representation, may be enumerated the advantage of greater stability, and consequently of greater unanimity, in its deliberations, offering

more security to all parties concerned, especially to the Tunisian Government, whose position it is intended to anchorate, and not to embarrass or render it so irksome as to suscite fresh questions and complications.

In furtherance of the views I have submitted with deference to your Excellency's consideration, I deem it useful to annex a statement of the entire indebtedness of the Tunisian Government, which I have procured from authentic sources.

According to this statement it would appear that, deduction being made of the bonds withdrawn from circulation by amortisation since 1863, and of the 32,000 bonds that were never issued, and therefore still appertaining to this Government, there remain only 88,000 bonds in circulation, representing a nominal value of 44,000,000 francs, but an effective one of only 18,000,000 francs. This sum consequently constitutes the amount of the foreign debt at the present period, upon which last year's interest and sinking fund are due.

It is known, however, that about half of this amount belongs to Tunisian subjects, who exchanged old Treasury *teskérés* against Tunisian bonds through the medium of the contractors of the loan, who received 8 per cent. discount upon this financial operation. It follows, therefore, that the remainder of this sum, or about 18,000,000 francs only, is due to European bondholders in France, Frankfurt, Italy, London, Malta, and Tunis; in what proportion I am unable to state, but it is reasonable to suppose that, since the loans were issued in Paris, the French investments must exceed in value those of other nationalities.

On the other hand, the Tunisian local debt amounts in the aggregate to 58,000,000 francs, viz., 40,000,000 francs, converted and guaranteed mostly upon new branches of public revenue created for the purpose; 8,000,000 francs, called *triennals*; as well as a floating debt of about 10,000,000 francs.

The *triennals* alone bear a moderate interest, but, together with the floating debt, are not guaranteed.

It is evident, therefore, from the above figures, that the local debt is in excess by 20,000,000 francs of the foreign debt. With the exception of a small amount, the whole is due to European residents, whereas the exterior or foreign debt is held by various nationalities in proportions, as I have before said, difficult to determine, except the amount known to appertain to Tunisian subjects.

I am aware that interested parties, from motives requiring no comment, will dispute the correctness of these statements, but they are not the less founded upon fact. I have expressly called on the Prime Minister and the Minister of Finance to ascertain the exact amount of annual interest paid; and as their Excellencies have stated to me that it was 12,200,000 francs, it represents as near as possible, at the rate of 12 per cent. interest actually paid, a capital of 100,000,000 francs, or the amount of the entire indebtedness of the Tunisian Government.

It is not without regret I have ventured to trespass on your Excellency's time with the foregoing details, but you will be pleased to appreciate my reasons. The subject is one of importance—I may indeed say, of vital importance—as far as the future position and destiny of this Regency is concerned, in connection with British interests in the Mediterranean, of a magnitude that cannot be contemplated with indifference. At any rate, my Lord, having attentively watched for upwards of twelve years passing events in this country, and having acquired well-founded convictions as to their tendency, and the ultimate aims they are calculated to progressively attain, my solicitude, in the present instance, to postpone or avert an evil will be indulgently excused.

I have, &c.

Signed) RICHARD WOOD,

Inclosure 2 in No. 120.

STATEMENT of British Claims

	France.		France.
Benigno Farrugia	700,000	P. Borg	14,000
Lorenzo Farrugia	350,000	Sarabino	2,000
F. P. Gallo	70,500	E. Cattaia	8,000
Ditta	76,500	Dr. G. Schenabai	24,000
Fence Cardona	76,500	V. Mossa	7,000
Deguyro and Muscat	128,000	P. Darmania	7,000
Michèle M'food	20,000	Baldacchino	2,000
M. d'J. Abouate	250,000	Several creditors for old copper money	15,000
M. Pissani	250,000	G. Bayada	14,000
J. Bell and Co.	115,750	G. M. Schenabai	6,000
G. Scicluna and Sons	126,500	A. Abela, and other widows and orphans	120,600
Ra. Cagliaferro	40,000	P. Azopparadi and G. Busuttil	60,000
R. Blevina	87,375	Captain Eco. Farrugia	34,050
E. Schenabai	5,000	G. Loubo	24,000
A. Farrugia	81,500	P. Azopparadi	36,600
Demario and Sammut	81,500	C. Demontes and Co. representing British claims for	1,600,000
A. Spiteri	250,000	Perry, Bore and Co.	80,000
G. Cuschieri	121,000	G. Pace Bannan	35,000
Lorenzo Azopparadi	48,000	M. Amelou	300,000
G. Pace	7,500	Melchior Farrugia	18,000
G. Caruana	75,000	M. Scicluna	100,000
B. Zera	85,000	G. Darnatini and Co.	40,000
G. M. Pissani	13,000	M. Levy and Co. Isuttieres	1,200,000
M. Azzard	120,000	B. Papacostas	10,000
B. Spiteri	13,000	C. Cuschieri	400,000
G. Ateli	65,000	M. Santillana	1,600,000
F. Zammit	80,000	M. d'J. Abouate, M. Levy, M. Amelou, and M. Santillana have purchased Bonds for delivery in January 1869, for the amount of	1,700,000
G. Buge	40,000		
S. Dimech	35,000		
E. Ateli	20,000		
G. Azzard	80,000		
G. P. Sammut	14,000		
S. Vella	14,000		
G. Caccia	14,000		
		Total	12,180,174

N.B.—With the exception of about 1,000,000 francs, the rest is placed in the local *Conversions*.

Inclosure 3 in No. 120.

STATEMENT of Tunisian Foreign and Local Debts.

FOREIGN DEBT	Number of Bonds.	Nominal Value. Effective Value.	
		France.	France.
Tunisian Bonds at present in circulation (1868)	120,000		
" appertaining to Tunisian Government and deposited for its account	32,000		
Net amount of Bonds in circulation in Paris and other continental money markets	88,000	44,000,000	18,000,000

N.B.—Of the 20,000,000 francs, effective value of the Bonds not yet withdrawn from circulation, about one-half are held by Tunisian subjects, leaving therefore a balance of only 10,000,000 due to foreigners.

TUNISIAN LOCAL DEBT.

	France.
Local conversions of 2nd March, 1867 (guaranteed)	12,000,000
" 1st August, "	10,000,000
" 1st September "	10,000,000
" 1st January, 1869 "	10,000,000
Total Amount of Conversions	40,000,000
Triennial Bonds (not guaranteed)	8,000,000
Floating Debt about	10,000,000
Amount of Local Debt	58,000,000
Amount of Floating Debt as above	20,000,000
Excess of Local over Foreign indebtedness of Tunis	20,000,000

Mr. Wood to Lord Stanley.—(Received July 1.)

(No. 33.)

My Lord,

I BEG to transmit a very able Memorandum on Tunisian Finances drawn up by the trustees of the various conversions of the local bonds and who represent respectively:—

	Francs.
The first Conversion of 2nd of March, 1857	12,000,000
Second Conversion, signed on the 20th July, but called the 1st of August, 1857	10,000,000
Third, of the 1st September, 1857	10,000,000
Fourth, of the 1st January, 1858	8,000,000
Total	40,000,000

The trustees, who are of British, French, Italian, Austrian, and Spanish nationalities, have furnished the French and Italian Representatives with copies of this Memorandum. It was the more desirable that they should adopt this course inasmuch as the document in question is of great importance, under present circumstances, to elucidate and explain the origin and nature of the local and foreign debts, the legitimate character of their transactions, the causes that have led to the present difficulties, as well as the nature of the remedies to be applied, in their opinion, to restore Tunisian finances to their normal state.

The Tunisian Government has never contested the binding character of its local stipulations, nor does it question the validity of the bonds it has issued in conformity with those stipulations. Nevertheless, the trustees conceive it their imperative duty to give further evidence of the legality of their claims with the paramount object of protecting the guarantees they hold from all attempts to impair them—a tendency recently evinced in some quarters which assume to question what the debtor himself does not dispute.

It was on the faith of the guarantees placed in their hands, and on the fact that they were thereby secure from violence and injustice on the part of the Tunisian Government, simply because they were held by, and confided to, British and Italian subjects, that the first conversion was successfully contracted for. That conversion was connected with the fourth conversion of 8,000,000 in so far as whatever surplus may exist, arising out of the said guarantees, at the period of the liquidation of the 12,000,000 in capital and interest, it is affected towards the guarantee of the capital of the 8,000,000. For this purpose an additional quantity of permits of oil has been deposited by the Government in the hands of the trustees of the first conversion—so that, by this reversal, the permits of oil, wool, dates, and soap, held and administered by British and Italian subjects and deposited in their hands, form the *head fide* guarantees of the two conversions amounting together to 20,000,000 francs.

The second and third conversions of 10,000,000 francs, severally, are based upon the same principle of reciprocal guarantee, inasmuch as the surplus in cash as well as the guarantees themselves, after the payment of the second conversion, will revert to the third in virtue of the stipulations and arrangements that have been made to that effect.

Having attentively perused the Memorandum, I respectfully venture to recommend it to your Lordship's attention as a truthful statement of facts. It proceeds from gentlemen of long experience and thoroughly versed in local matters, and whose social position, as shown by the confidence reposed in them by the Bey's Government and by the public, gives a great weight to their opinions in such matters.

I have, &c.

(Signed) RICHARD WOOD.

Inclosure 1 in No. 121.

Memorandum on Tunisian Finances, drawn up by the Trustees of the various Conversions of the Local Bonds.

UNE brochure publiée sous le titre "Rapport aux Obligataires," donne de bien tristes détails sur les causes qui ont amené la crise financière que traverse en ce moment la Tunisie. Parmi les nombreuses et récentes publications qui se sont occupées de cette

question, nous préférons citer celle-là, parce que quoique mal renseignés sur l'origine et la nature des opérations faites à Tunis, les signataires de cette brochure produisent des documents propres à éclairer le public à l'égard des opérations conclues à Paris.

Il y a tout au plus dix ans, la Tunisie vivait encore tranquillement de ses propres ressources; jusqu'à cette époque, ses revenus avaient toujours suffi à ses dépenses. Si parfois il lui arrivait de se trouver en déficit par suite de mauvaises récoltes, le Gouvernement vendait par anticipation des produits à prendre sur la récolte prochaine, en émettant des bons du trésor qui étaient scrupuleusement payés à l'échéance. Les affaires étaient toutes locales, et se passaient pour ainsi dire en famille, le pays était prospère, le commerce florissant, et tout le monde était content.

Le Gouvernement n'a jamais publié l'état de ses finances; mais si on prend pour base le règne qui a le plus éprouvé la régence par ses dépenses et ses libéralités, on peut se faire une idée, et de ses ressources véritables et de ce qu'une administration saine pourrait encore obtenir pour redonner à un pays essentiellement agricole la vitalité dont il est capable, et qu'il manifeste toujours à la suite d'une bonne récolte.

Ahmed Bey régna de 1837 à 1855. Généreux jusqu'à la prodigalité, ce Prince ne se souciait que de l'entretien de son armée. L'agriculture était aussi négligée sous son règne qu'elle est aujourd'hui. La perception des impôts était aussi mal organisée qu'elle est maintenant. Les revenus étaient donnés en ferme, et les fermiers généraux amassaient des fortunes immenses, qu'ils emportaient avec eux en pays étranger.

Cependant ce Prince a réussi à maintenir une cour brillante et 40,000 hommes sous les armes. Il bâtit deux palais, l'un à la Mahandja, et l'autre à la Goulette; et dépensa pour ces constructions près de 100,000,000; il fit à grands frais un voyage en France, il envoya à plusieurs reprises de riches cadeaux à Constantinople, et fournit un contingent de 12,000 hommes à la Turquie à l'époque de la guerre de Crimée. C'est à cette occasion seulement qu'il dut vendre 120,000 mètres d'huile à 13½ piastres; mais il s'en acquitta à la récolte suivante, tout en soldant les dépenses ordinaires de l'année. Il traversa des années de disette, et pourrut la place de blé, qu'il achetait en perdant sur le prix auquel il le faisait revendre, pour assurer au pays l'abaissement qui a marqué son règne. Il fit tout cela, et à sa mort, son successeur Mohammed Bey trouva le trésor sans dettes. Il fallut que le Gouvernement fût inspiré de l'idée d'avoir des rapports d'affaires avec l'Europe, pour tenir, en peu d'années, un état de prospérité relative, que le despotisme le plus absolu n'était pas parvenu à détruire.

Mohammed Bey licencia l'armée, et réalisa par cette mesure une économie considérable. Il pensait avec raison, que les bras des soldats seraient mieux employés à cultiver la terre. Il ne possédait pas la même vigueur d'esprit, ni le coup d'œil sûr de son prédécesseur; mais il fit des réglemens équitables pour encourager l'agriculture. Il voulut cependant bâtir un palais au Bardo et un autre à la Marsa. Cette fantaisie coûta à peu près 50,000,000, somme qui a ajoutée à l'entretien d'une cour par trop fastueuse, créa un premier déficit d'à peu près 8,000,000 de francs, comblé par des emprunts partiels, que le Gouvernement contracta sur place. La pente était dangereuse; mais la protection spéciale que le Bey accordait à la culture du sol promettait un état de prospérité qui rassurait tous les esprits, et les empêcha de prévoir l'invasion financière par laquelle le pays se vit plus tard attaqué, à la suite de travaux publics, dépassant ses moyens.

Des entrepreneurs Français proposèrent à cet Prince d'utiliser les eaux du Zaghwan par un système de canalisation, qui tout en arrosant les campagnes, aurait fourni la ville de l'électricité qui parfois lui manquait.

On fixa le prix de ces travaux à 8,500,000 francs. Mais Mohammed Bey vint à mourir, et son frère et successeur dut à regret souscrire au contrat que ce Prince avait accepté. Pour couvrir cette dépense et les intérêts qui en résultaient, le nouveau Bey fut obligé d'émettre des obligations pour 11,000,000 de francs, à 12 pour cent l'an. Ces nouvelles obligations ajoutées au déficit déjà existant, constituèrent une dette toute locale de 20,000,000 de francs.

Malheureusement, par suite d'événements dont le récit serait déplacé ici, l'agriculture retombe dans le découragement, d'où Mohammed Bey l'avait retirée; et le Gouvernement se trouva chargé du fardeau d'un intérêt annuel, tout en subissant une diminution de revenus, causée et par le manque de récoltes, et par un retour progressif au système d'exactions que Mohammed Bey et ensuite son frère avaient aboli.

En attendant, des propositions d'emprunt se firent pas défaut: un homme d'affaires s'étant déjà présenté, pour offrir au Gouvernement un emprunt de 35,000,000 de francs, amortissables en vingt-six ans, moyennant 4,600,000 francs par an, de sorte que, pour se libérer complètement, l'État aurait dû payer par le fait 119,600,000 francs.

Le commerce local s'alarmait avec raison de ces propositions, et offrit au Gouvernement de le mettre à son aise pour neuf ans à venir, par la création d'obligations, qui

Etat prospère de la Tunisie il y a dix ans.

Règne de Ahmed Bey (1837 à 1855).

Avenement de Mohammed Bey et le prince licencia l'armée.

Construction des palais au Bardo et de la Marsa.

Premiers embarras financiers.

Construction du canal Romain de Zaghwan.

Nouveaux embarras financiers.

Propositions d'emprunts.

Propositions du commerce local.

Création des
"triencales" (M.
1862).

Irregularité dans
le mode de percep-
tion des impôts.

Le Directeur des
Finances, au même
temps banquier du
Gouvernement,
avait échelonné
les échéances de
manière à satisfaire
aux engagements
du trésor.

Premières relations
de la maison
Erlanger et Cie
avec le Gouverne-
ment (1863).

Propositions
Erlanger et Cie

Énumération
des circonstances
qui en découlent

L'emprunt Erlanger
dont était une
de 100.000
francs à la charge
du Gouvernement

Ce qu'on appelle
l'emprunt de 1863.

Compte des
bénéfices réalisés
par la maison
Erlanger sur
l'emprunt 1863

purent ensuite le nom de "triencales," parcequ'elles lui laissent la faculté de rembourser les porteurs de trois en trois ans, jusqu'à l'échéance finale. Ces obligations furent émises au pair, et portaient des coupons annuels, à raison de 12 pour cent l'an, en partant de Mai 1862. Cet arrangement convenait à tout le monde: au Gouvernement auquel il évitait la nécessité de faire face à des paiements immédiats; et au commerce, parceque, tout en sauvant son débiteur du danger d'un emprunt, il se rassurait sur sa solvabilité.

Malheureusement, par l'effet de ce manque d'ordre qui lui est commun avec tous les Etats Musulmans de notre temps, le Gouvernement Tunisien ne peut jamais compter que son impôt sera encaissé à une époque déterminée. Cette irrégularité dans la perception des impôts (très commode d'ailleurs pour les agents chargés de lever les contributions dans les provinces éloignées), oblige le Gouvernement à émettre des teskérés ou traites sur ces agents, que ceux-ci acceptent, mais auxquelles ils ne s'empressent pas de satisfaire. Lorsque ces expédients ne suffisent pas, le Gouvernement est forcé d'émettre ses propres obligations. C'est ce qui arriva immédiatement après l'émission des triencales. Celui qui dirigeait les finances à cette époque était en même temps le banquier du Gouvernement, et savait échelonner les échéances, de façon à ce que le trésor ne manquât jamais à ses engagements; et par son exactitude dans les paiements, il maintenait les valeurs publiques dans un état de crédit que les faisaient regarder alors comme le meilleur placement dans la Régence. Rien ne faisait donc pressentir la nécessité d'un emprunt, lorsqu'en 1863, MM. Erlanger et Cie. nouèrent des relations avec le Gouvernement. Ils l'éclairèrent sur deux choses apparemment évidentes. 1. Qu'en payant 7 pour cent à Paris, il aurait épargné 5 pour cent sur les 12 d'intérêt qu'il payait à Tunis. 2. Qu'il lui convenait plus d'anticiper sa dette en quinze ans et demi, par un emprunt en France, que de payer 12 pour cent à Tunis, avec restitution de capital. Ce calcul était peut-être d'une exactitude mathématique; mais ils ne tenaient pas compte que, d'après leur proposition, le Gouvernement devait émettre à 480 francs, 78,692 obligations de 500 francs chacune, ou soit 37,772,160 francs, au lieu de 35,000,000 francs. Il ne tenait pas compte que les obligations triencales avaient été émises au pair, sans frais de commission, tandis que l'emprunt allait absorber près de 3,000,000 de francs sur le prix d'émission, et près de 5,000,000 de francs à titre d'escompte et de commission. Il ne tenait pas compte de 3 pour cent, soit un autre million, que le Gouvernement devait encore perdre sur le taux 12 pour cent des obligations triencales, qui ne devaient échoir qu'en deux ans, et qu'ils stipulaient pouvoir lui livrer au lieu d'argent, en à compte de l'emprunt. Il ne tenait pas compte, que l'intérêt que le Gouvernement payait à Tunis circulait dans le pays, et contribuant à sa prospérité, tandis que l'emprunt en question allait lui imposer une dette de 45,100,000 francs, qu'il fallait acquitter, avec l'exactitude du calcul, quelles que fussent les circonstances locales, par des remises périodiques de 2,100,000 francs, qu'on devait faire à l'étranger chaque semestre à venir, pendant quinze ans et demi.

C'étaient là des objections puissantes, que le Gouvernement aurait dû mettre en balance, mais qui furent négligées, parceque les intermédiaires dont la voix était la plus écoutée auprès du premier Ministre étaient les plus intéressés à préconiser auprès de lui un emprunt, dont l'objet réel n'était un mystère pour personne: ces intermédiaires visaient à convertir des obligations qu'ils avaient en portefeuille, en titre négociables à la Bourse de Paris; et ils y réussirent.

Voilà ce qu'on appelle l'emprunt 1863, garanti par l'impôt personnel. Il obérait la Tunisie sans pouvoir être expliqué, ni par des échéances immédiates, ni par le rachat de la dette intérieure, qui servait d'excuse ostensible. Car à 3,000,000 francs près, pour lesquels le public Tunisien contribua, la plus grande partie des obligations converties par ce prétendu emprunt n'appartenaient pas à la classe de celles en circulation. La question fut traitée en banquier, sous un point de vue purement financier; et comme les obligations de cette classe constituaient plus que la moitié du montant de l'emprunt, on accorda 9 pour cent au Gouvernement, pour tout le temps que MM. Erlanger et Cie. n'auraient pas présenté ces obligations, tout en s'assurant les 3 pour cent de bénéfice dont nous avons parlé, en les présentant le plutôt qu'on a pu le faire, de sorte que la maison Erlanger y gagnait —

	Francs.
Escompte 10 pour cent sur 35,000,000	3,500,000
Commission, 4½ pour cent	1,575,000
Surplus d'obligations émises	3,772,160
Différence, 3 pour cent sur le paiement des obligations triencales	1,000,000
Commission, ½ pour cent sur le paiement de 4,200,000 francs par an, montant des coupons, livrés, en 18½ ans	325,300
Total	9,172,460

Nous ne parlerons pas de tous les expédients auxquels le Directeur des Finances a dû recourir après cet emprunt, pour maintenir quelque apparence d'équilibre entre les besoins du Gouvernement et ses engagements.

Il ne s'agissait plus du commerce local, accoutumé aux voies et aux moyens du Gouvernement, et avec lequel il lui avait toujours été facile de s'entendre. Il fallait désormais régulièrement remettre, chaque semestre, une somme liquide en francs pour payer les coupons. On évalue à plusieurs millions les pertes que le Gouvernement a dû subir par la seule différence du change. Son exactitude même à faire les remises lui coûtait de l'argent; car faute de régularité dans les recettes, il devait continuer à faire des emprunts sur place, tout comme il faisait auparavant.

Mais ce n'est qu'à l'époque de la révolution qui éclata en 1864 que le Gouvernement commença véritablement à s'apercevoir de l'impasse dans laquelle on l'avait engagé. A l'apparence du danger, MM. Erlanger et Cie. fermèrent leur caisse, et bien loin d'opérer de nouveaux versements, ils insistèrent au contraire pour avoir des fonds.

Ils étaient dans leur droit; mais il fallait que le Gouvernement songeât avant tout à envoyer sans retard deux corps d'armée dans les provinces rebelles, ou qu'il avouât son impuissance devant les Arabes armés. Le découragement était au comble; le crédit commençait; les valeurs Tunisiennes s'en ressentaient à Paris; et le Gouvernement n'avait pas un sou dans ses caisses; et sans l'argent fourni par le corps commercial de Tunis le Gouvernement n'aurait ni payé son coupon, ni levé une armée, ni répondu les Arabes qui menaçaient déjà les portes de la capitale.

Dans l'espace de quatre mois, à partir de Mai 1864, le Gouvernement vendait 600,000 mètres d'huile, à livrer dans un an, au prix de 16, 17, et 17½ piastres. Ces différents prix indiquent le rétablissement graduel des affaires politiques. Cette vente lui procura environ 7,000,000 francs, et c'était bien peu; car les échéances ne donnaient pas de répit; les difficultés augmentaient, et MM. Erlanger et Cie. devenaient de jour en jour plus exigeants. C'est qu'ils visaient déjà à un autre emprunt dont ils présenteront le projet. Mais leurs conditions ont dû être bien dures cette fois, puisque même leurs amis à la Cour ne purent pas les faire ratifier. Le Gouvernement avait mieux avoué recours à la Bourse de Tunis, qui pourvut à ses besoins; et le mit encore une fois en état de payer le coupon de Janvier 1865, contre ses obligations à six mois à un an. Mais l'année 1865 était à peine éclose que MM. Erlanger et Cie. assomèrent cette fois à d'autres banquiers, et firent réunir dans leurs bureaux (Février 1865). Ils conclurent un Traité d'emprunt de 25,000,000 francs, amortissables en quinze ans, moyennant 4,000,000 francs par an, garanti par le Kanoun ou droit sur les oliviers et les douanes d'importations. Cette fois encore, l'objet avoué de l'emprunt était de racheter la dette intérieure. Mais MM. Erlanger et Cie. ne l'entendaient pas ainsi: ils fournirent à la vérité à peu près 5,000,000 francs en traites que le Gouvernement eût pu aux créanciers locaux, la envoyèrent environ 2,500,000 francs ou soit 4,000,000 piastres en or qu'ils firent battre à Paris pour le compte du Gouvernement, et firent avancer par M. Schmidt, leur associé de pouvoirs, qu'ils allaient solder les triencales. M. Schmidt ouvre son guichet et paye environ 3,000,000 francs pendant trois jours de suite, mais le quatrième jour, les paiements furent faits avec une lenteur dont le public commençant à s'étonner. Bientôt ce que le montant des obligations présentées dépassait le chiffre de la somme qu'il avait reçue de sa maison? L'opinion publique se prononça pour l'affirmative, et elle fut justifiée par le fait, que le cinquième jour le Gouvernement fournissait à M. Schmidt de nouvelles obligations, payables en trois, six, neuf mois et à un an, pour à peu près 3,000,000, que M. Schmidt négocia au comptant sur place, à 9 pour cent l'an. En attendant, la récolte de 1865 fut loin de répondre à l'espoir qu'on en avait conçu; et le Gouvernement, ne pouvant livrer l'huile en nature, et moins encore en payer le prix comptant, fit consentir le commerce à recevoir en paiement des huiles échues, calculées aux prix courant de 19½, de nouvelles obligations payables à six mois.

On voit bien par ces taux que le commerce local n'a été à aucune époque très-exigeant; et que ce ne sont pas les opérations faites à Tunis qui ont mis le Gouvernement dans la position de devoir contracter de nouvelles dettes, le lendemain de son emprunt. Le public hésitait à s'en expliquer le motif, il ne connaissait pas alors que la plus grande partie de cet emprunt était prédestinée à être engloutie en compte courant, pour des achats de vieux bateaux à vapeur, de vieux canons de rebut transformés en canons rayés, et autres fournitures dont nous renoncions à faire la description.

En attendant, les charges du Gouvernement devenaient toujours plus lourdes, l'achat des bateaux à vapeur lui créait une marine, qui entraînait une dépense annuelle de 4,000,000 francs, dans un moment où, par suite de l'emprunt 1865, il devait payer 8,200,000 francs en France, et 3,600,000 francs à Tunis. Qu'on ajoute à ces chiffres

l'embarras du
Gouvernement et
pertes qu'il éprouve
pour arriver à
solder les coupons
de l'emprunt 1863.

Révolution (1864).
La maison Erlanger
ferme sa caisse
et devient plus
exigeante.

Deux corps d'armée
sont envoyés
contre les rebelles
Démolition des
villes de
Tunisiennes.

Le commerce local
ne peut venir au
secours du
Gouvernement
Le Gouvernement
vend l'huile à
prix élevés
(1864).

Les difficultés
augmentent, le
Gouvernement
reçoit les nouvelles
propositions de la
maison Erlanger
La Bourse de Tunis
fournit au
Gouvernement
les moyens
d'acquiescer aux
coupons de Janvier
1865.

Emprunt de
25 (M).000 conclu
avec la maison
Erlanger associé
à d'autres
banquiers (Février
1865).

Moyens employés
par la maison
Erlanger pour
solder ses coupons
emprunt

La récolte de 1865
manque.
Le commerce
ne peut en paiement
des huiles échues,
des obligations à
six mois.

Fournitures faites
par la maison
Erlanger

Les fournitures de
la marine de l'Erlanger
entraînent les
charges de l'Etat.

Le Gouvernement veut émettre une nouvelle monnaie de cuivre.

Opposition du commerce local.

La monnaie de cuivre est émise.

Dépréciation de cette monnaie dès son apparition.

Dettes des Princes Tunisiens.

Le Bey refuse de reconnaître les dettes de ses frères.

Trésorerie au sujet des dettes des Princes.

Nouvelle vente de 500,000 mètres d'huile et de différentes productions (Janvier 1866).

Diverses tentatives d'Europe laissent pour compte à leurs correspondants. Le Gouvernement ne peut faire que ceux-ci ont fait dans la dernière vente.

La Régence n'a pu en de récolte pendant trois années consécutives.

l'obligation de maintenir 8,000 à 10,000 hommes sous les armes, et on pourra facilement apprécier les conséquences ruineuses de ces opérations.

Par l'effet d'une illusion inexplicable, le Gouvernement s'était flatté pour un moment d'équilibrer son budget, par on ne sait trop quelle réforme, qui ne tenait à rien moins qu'à réduire le pays à un capital circulant de monnaie de cuivre : il va sans dire que ce cuivre avait été fourni par MM. Erlanger.

L'opposition du commerce triompha quelque temps de ce plan, et le cuivre resta inutile, depuis deux ou trois ans, dans les caves du Gouvernement; mais la nécessité à laquelle celui-ci se vit réduit pendant les désordres de la révolution lui ayant fourni un motif plausible pour l'émettre, il dut se convaincre qu'il ne suffit pas de donner une évaluation imaginaire à une monnaie quelconque, si elle n'est pas représentée par une valeur intrinsèque.

La baisse du change avec l'Europe aurait dû lui démontrer depuis longtemps les conséquences ruineuses, nées de l'altération de la monnaie d'argent qui avait eu lieu sous les règnes précédents, et qui de 21 sous, qu'elle était, a réduit la piastre à 12. Cette fois le public, mit le cuivre à 300 pour cent, ce qui obligea le Gouvernement à le réduire de suite à 50 pour cent, et un peu plus tard à 25 pour cent de sa valeur d'émission; mais le public le rapprocha encore plus de sa valeur réelle, en lui imposant 50 pour cent d'escompte que le souffre à l'échange aujourd'hui. Toutes ces mesures faillirent créer les plus grands désordres dans la Régence, par la hausse instantanée de tous les articles de consommation.

A cette époque, la conduite peu prudente de plusieurs Princes de la famille régnante avait menacé d'ajouter aux embarras du Gouvernement, et rempli d'inquiétude l'esprit de ses créanciers légitimes. Ceux-ci craignaient que les dettes que les Princes avaient contractées ne vinssent augmenter, par leur importance, le chiffre de la dette publique. Ils avaient en effet contracté plusieurs millions de dettes, à des taux qui, pour avoir été raisonnablement modérés dans le commencement, n'en faisaient pas moins par être progressivement ruineux. Mais ces dettes étaient toutes personnelles et le Bey refusa de les reconnaître.

Cependant, il fallait arranger cette affaire d'une manière quelconque; le premier Ministre et les Consuls en vinrent à une composition, par suite de laquelle, le montant de ces dettes fut réduit à 40 pour cent, soit 1,500,000 francs, somme que le premier Ministre s'obligea à payer de sa fortune particulière.

L'affaire des Princes terminée, un autre embarras allait se présenter, car on n'est pas aveugle de la monnaie de cuivre, ni avec les obligations du Ministre, que le Gouvernement pouvait payer ses engagements de Paris. Un autre coupon approchant, il fallait de l'argent. Les besoins augmentaient par suite de la mauvaise récolte. En Mai 1866, on dut recourir à une vente de 520,000 mètres d'huile à 20 piastres; 36,000 sacs de blé à 127½; 7,000 sacs d'orge à 65. Le tout à livrer à la prochaine récolte 1867; contre paiement en traites, dont la plus grande partie fut remise à MM. Erlanger et Cie, par le Gouvernement. Les prix convenus à cette occasion, ainsi que précédemment, étaient si supérieurs aux cours des places d'Europe que plusieurs maisons de Marseille, de Gênes, et de Malte, laissèrent pour compte de leurs amis de Tunis les achats qu'ils leur avaient faits. On peut le prouver par leur correspondance. Nous notons ce fait pour démontrer une fois de plus la confiance que le commerce local a eue de tout temps dans le Gouvernement; et que les bons rapports qui ont toujours existés entre eux n'ont jamais été de nature à gêner le Budget, par des conditions onéreuses.

Mais ce récit serait incomplet si à toutes les causes d'épuisement que nous avons racontées, nous ne disions pas que le Ciel a refusé à la Régence le bled pendant trois années consécutives. C'est par le résultat de la récolte que se mesure cependant le plus ou le moins de bien-être de la Régence, c'est par la récolte que le paysan paye ses dîmes, l'Arabe ses taxes, le propriétaire d'oliviers son kharouf; c'est par la récolte que le Gouvernement peut espérer avoir de l'argent disponible, car sans récolte il n'y a pas de perception des droits intérieurs, ni de vente de permis d'exportation; c'est par les dîmes régies en nature avec l'agriculteur que le Gouvernement compte ordinairement, et pour faire vivre ses soldats, et pour se libérer des ventes en anticipation qu'il fait au commerce. Trois années de récoltes manquées équivalent à la ruine qu'entraîne un emprunt égaré, et la Régence avait deux de ces emprunts sur les épaules. Ainsi donc, le mois de Juin 1866 arriva le Gouvernement se trouva dépourvu des moyens de faire face aux échéances des dettes qu'il avait vendues au commencement de l'année précédente.

Les choses auraient pu encore être arrangées à la satisfaction de tous, si le Gouvernement eût pallié sa position en montrant une plus grande disposition à satisfaire ses créanciers; il aurait trouvé qu'une partie considérable de ses engagements pouvait être différée pour attendre des temps meilleurs qu'à Tunis on ne désespère jamais voir renaitre avec une bonne récolte. Mais il s'y prit cette fois d'une façon inattendue, et qui prouvait

qu'il mettait désormais peu d'importance à la conservation de son crédit. Il proposa des arrangements impossibles, et qu'en effet furent rejetés par le commerce local. Une dépréciation soudaine des valeurs, avec ses conséquences funestes, menaçait l'existence de plusieurs maisons qui avaient compté sur la ponctualité du Gouvernement pour liquider leurs opérations. La consternation s'empara des esprits. Nous ne retracerons pas ici l'histoire de ces jours douloureux. Que l'on conçoive la position d'honorables négociants, placés entre le désir de satisfaire à leurs engagements, et les difficultés créées par le Gouvernement, et on appréciera l'immensité des sacrifices qu'ils ont dû faire pour soutenir leur crédit. La place de Tunis a donné pendant cette crise un admirable exemple de résignation et d'honorabilité commerciale. On vit plusieurs maisons perdre 40 et 50 pour cent sur les valeurs qu'elles possédaient pour se mettre en état de faire des remises à leurs correspondants d'Europe, devenus d'autant plus pressants que la position du pays était plus critique; on en a vu qui ont hypothéqué leurs titres pour le quart de la valeur primitive, pour emprunter de l'argent; on en a vu dont les titres furent vendus à l'échéance au même prix pour lesquels on les avait mis en gage. Qu'on ne dise donc pas que le Gouvernement a fait des sacrifices, soit dans ses ventes, — et dans son émission de teskerés, ces observations, nous l'affirmons, sont pour le moins hasardées, en ce qui regarde la place de Tunis, laquelle n'avait d'autre intérêt que celui du Gouvernement Tunisien. Le commerce et le Gouvernement étaient depuis de longues années liés ensemble par des affaires d'un avantage mutuel, et cette alliance n'a pas moins contribué à la prospérité qu'au bien-être de la Régence.

Nous avons tâché de faire le récit fidèle de l'origine des ordonnances locales, en indiquant les taux pratiqués aux époques des différentes émissions effectuées au pair, avons-nous dit, à 9, 10½, et 12 pour cent. Il nous reste à le prouver; et nous le faisons par un certificat des courtiers publics qui depuis quinze ans font les affaires du Gouvernement Tunisien, par les registres du Gouvernement lui-même, par ses Ministres, et par ses caissiers.

Le commerce de Tunis a été douloureusement frappé à la vérité, en apprenant certaine opération de 9,000,000 teskerés faite à Paris, sur le montant desquels, d'après le "Rapport aux Obligataires," le Gouvernement n'a reçu que 5,000,000, qu'il s'obligeait de rembourser en quinze mois, en cinquième chaque trimestre. Il peut se faire que des Agents du Gouvernement, qui avaient accepté des traites qu'il avait tirées sur eux, se soient vus dans la triste nécessité de vendre à Paris des teskerés à des prix ruineux; mais il n'est pas raisonnable de confondre la nature des opérations commerciales, régulières et légitimes, faites à Tunis, avec ces sortes d'affaires, dont on ne parle ici que pour expliquer pourquoi le projet de l'unification des dettes, qui a été proposé par la suite, ne peut convenir qu'à ceux qui les ont faites. Mais il ne faut pas anticiper sur les faits. Dans la position où en étaient les choses à l'époque dont il est question, le Gouvernement faisait encore quelques faibles efforts pour venir en aide à quelques maisons de commerce, qu'on lui signalait, comme étant dans un péril imminent. A d'autres il accorda quelques comptes, en leur faisant accepter des obligations à trois ans de date, portant intérêt à 12 pour cent l'an, sans garantie. Cette dernière opération le mit en état de gagner du temps pour environ 6,000,000 de dettes; mais il fallait que le Gouvernement prît quelques mesures à l'égard des autres créanciers, qui voyaient avec étonnement que, malgré son manque de ponctualité à Tunis, il continuait à faire honneur à ses engagements en France, par le paiement du coupon de 1 Novembre, 1866, et du 1 Janvier, 1867. Les expédients qu'on faisait adopter au Gouvernement pour se mettre en mesure de le faire n'étaient pas encore connus: le seul fait que le public pouvait apprécier alors était le paiement de ces coupons, dans un temps où les ordonnances locales continuaient à rester non payées; et il s'irritait de cette préférence, dont il ne pouvait expliquer le motif.

C'est alors que six négociants, deux Français, deux Anglais, et deux Italiens, se mirent d'accord pour s'entendre avec le Gouvernement dans l'intérêt de tout le monde. Des pourparlers eurent lieu, par suite desquels les intermédiaires du Gouvernement imaginèrent une conversion des ordonnances locales, on leur demanda des garanties matérielles; mais on dut se convaincre que le seul moyen de les avoir était celui de lui faciliter la voie de se créer graduellement, à la charge du commerce, des ressources qui n'existaient pas, ou qui existaient à l'état nominal.

Les Consuls d'Angleterre et d'Italie préférèrent à ce projet leur appui moral, c'est ainsi qu'il a été loisible au Gouvernement d'élever le prix des permis d'exportation d'huile à 7½ piastres; celui du savon à 15 piastres; et de créer un droit nouveau de 20 piastres sur les laines, et de 25 sur les dattes; au fur et à mesure que le Gouvernement créait ces revenus, il les mettait à la disposition du commerce, pour augmenter le chiffre de la conversion qu'il avait proposée.

C'est ainsi que le 2 et le 17 Mars et le 8 Avril, 1867, il a pu conclure trois contrats

* Voir pléon judiciaire.

Le Gouvernement ruine lui-même son crédit par des propositions inacceptables.

Situation possible de la place de Tunis.

Sacrifices qu'a dû faire le commerce (cont.).

Le Gouvernement n'a pas fait de sacrifices à Tunis.

Taux des créanciers locaux prouvés par d'anciens documents.

9,000,000 de teskerés donnés à Paris pour 5,000,000 effectués.

Origine des conversions.

La première conversion est conclue (2 et 17 Mars et 8 Avril, 1867).

La conversion n'est pas une opération commerciale.

Les décrets de l'Empereur et de l'Assemblée Nationale, sous le régime de la République, ont permis à la Commission d'Administration de l'Empire de faire passer les obligations de la dette publique de la dette publique à la dette nationale.

M. Schmidt est connu par sa Commission d'Administration de l'Empire, pour la liquidation des dettes de la dette publique, et pour la liquidation des dettes de la dette nationale.

Le Gouvernement d'Algérie, la Commission d'Administration de l'Empire, la Commission d'Administration de la dette publique, la Commission d'Administration de la dette nationale, la Commission d'Administration de la dette publique, la Commission d'Administration de la dette nationale.

Excellente offre de la Commission d'Administration de l'Empire, la Commission d'Administration de la dette publique, la Commission d'Administration de la dette nationale, la Commission d'Administration de la dette publique, la Commission d'Administration de la dette nationale.

Surplus de la dette publique de 12,000,000 francs, la Commission d'Administration de l'Empire, la Commission d'Administration de la dette publique, la Commission d'Administration de la dette nationale, la Commission d'Administration de la dette publique, la Commission d'Administration de la dette nationale.

Base d'un nouvel emprunt Tunisien, la Commission d'Administration de l'Empire, la Commission d'Administration de la dette publique, la Commission d'Administration de la dette nationale, la Commission d'Administration de la dette publique, la Commission d'Administration de la dette nationale.

Prospectus à ce sujet.

successifs, formant ensemble une seule et première conversion de 12 000 000 francs divisée en quatre catégories, représentées par 24 000 obligations remboursables avec intérêt à 12 pour cent l'an, en trois, cinq, sept, et neuf ans, par l'usage du produit des ventes des permis d'exportation, le Gouvernement s'obligeant à compléter la différence, si ce produit ne suffisait par à amortir la dette dans cet espace de temps.

On voit bien que ce n'était pas là une opération commerciale, mais un arrangement par lequel des négociants consentaient à mettre hors de circulation des capitaux destinés à alimenter leur commerce, l'intérêt légal de 12 pour cent n'étant qu'un faible retour pour ceux particulièrement qui, n'ayant pas de grands capitaux, trouvent toujours plus d'avantage dans le maniement de leur argent.

L'opération fut contractée par deux négociants Anglais et deux Italiens, les deux Français ayant été forcés, dès le début, de s'en séparer par la notification formelle qu'ils reçurent de leur Consul qui ne voulait pas d'action collective, et prétendant que la Commission devait être toute Française ou ne pas se former. C'est ainsi qu'aucun sujet Français n'a pu représenter cette conversion, mais il n'en est pas moins vrai que plusieurs négociants de cette nation y prirent part, comme un moyen de salut, unique pour le moment, malgré le veto de leur Consul.

Pour couvrir une partie des intérêts, le Gouvernement affecta aussi, en faveur de la nouvelle opération, 100,000 francs, à recevoir sur les revenus du tabac, et 400,000 piastres sur ceux de l'octroi. Par excès de précaution cependant, avant de signer son premier contrat avec le Gouvernement, les contractants s'adressèrent à M. Schmidt, fondé de pouvoirs de la maison Erlanger et Cie., pour s'assurer, si les permis d'exportation d'huile qu'ils avaient convenu de recevoir en garantie par leur premier contrat, étaient affectés aux emprunts contractés par MM. Erlanger et Cie. antérieurement à cette date. Sur sa réponse négative, le 2 Mars, 1867, ils signèrent leur contrat; et délivrèrent par la suite les 12,000,000 francs au Gouvernement en ses propres obligations échues, en lui tenant compte à 28 piastres de l'huile, qui en valait 40 piastres au marché, à 237½ piastres de blé qui en valait 320 piastres, et à 12 pour cent l'an les obligations d'argent arriérées. Contre livraison de ces obligations le Gouvernement mit en possession des négociants contractants une somme équivalente à 43,000,000 piastres ou soit 27,000,000 francs, en permis d'exportation d'huile, de laine, de dattes, et de savon, écrites en leur nom; chaque permis portant la déclaration explicite du Bey d'en avoir reçu la valeur comptant.

Par l'effet des Conventions établies à ce sujet, le Gouvernement s'est interdit la faculté d'émettre d'autres permis d'exportation de ces articles, jusqu'à liquidation finale des 12,000,000 et intérêts y relatifs; et pour garantie de l'exécution de cette stipulation, il fut convenu que les permis d'exportation d'huile, de laine, de dattes et de savon, n'auraient dorénavant aucune valeur si elles n'étaient pas contre-signées par les quatre négociants contractants.

Le Gouvernement adressa une circulaire à cet effet aux autorités des ports de la Régence, et en donna copie à ces messieurs, en exécution d'un Article de leur Contrat.

Dès que ces opérations eurent lieu les quatre négociants contractants entrèrent légalement, et par notification officielle, dans l'exercice de leur fonctions, à la satisfaction de tout le monde, et sans opposition ni observation de la part de personne.

Le Gouvernement put alors apprécier les services que ces messieurs lui avaient rendus, et se féliciter des bons résultats qu'ils avaient obtenus; car auparavant les permis d'exportation d'huile et de savon étaient déposés en masse entre les mains du caissier du Gouvernement, qui les vendait sur place à 30 et 40 pour cent d'escompte; et le produit en était absorbé par les menues dépenses du palais sans avantage pour le Gouvernement. Celles des laines et des dattes étaient une ressource nouvellement créée; et le tout, régulièrement administré, était maintenant d'une utilité dont le Gouvernement s'étonnait, car le 1 Janvier, 1868, il lui fut loisible d'hypothéquer le surplus qui pourrait exister après le remboursement total du capital et intérêts des 12,000,000 de la première conversion en affectant ce surplus au remboursement du capital d'une d'autre conversion de 8,000,000 francs, à laquelle il affecta aussi d'autres revenus pour assurer le service des intérêts; de sorte que le Gouvernement parvint à régler par des ressources qu'il n'avait pas auparavant, 20,000,000 sur 35,000,000 de la dette flottante, qu'il disait avoir en ce moment.

Vers la fin de Mai 1867, cependant, un prospectus lancé à Paris par la maison Erlanger, pour un troisième emprunt de 100,000,000 à commission parvint à Tunis et étonna le public par l'annonce suivante:—

« Par Traité passé avec le Gouvernement Tunisien, ce dernier affecte spécialement à la garantie du payement des intérêts et de l'amortissement de cet emprunt, les revenus des dîmes sur les céréales, payables en nature, le revenu des octrois, appelé mahsoulat, le produit des impôts donnés en ferme, et tous les droits de sortie, et enfin toutes les

sommes restant libres sur les impôts affectés à titre de garantie à l'emprunt 1863, lesquelles doivent s'accroître proportionnellement au fur et à mesure de l'amortissement, soit par le remboursement soit par le rachat ou la conversion facultative des obligations de cet emprunt.

« Nota. — D'après une déclaration du Gouvernement du 23 Mars, 1867, les garanties affectées à l'emprunt de 1863 donnent un produit annuel de 5,000,000 francs, et celles affectées au nouvel emprunt s'élèvent à 10,000,000 francs, savoir: les dîmes sur les céréales 2,500,000 francs, le revenu des octrois appelé mahsoulat ainsi que celui des impôts donnés en ferme, 5,000,000 francs, et les droits de sortie 2,500,000 francs. »

Or, la souscription devait avoir lieu à Paris, du 9 au 11 Mai, et à cette époque MM. Erlanger étaient informés par M. Schmidt, leur fondé de pouvoir, que depuis le 2 et le 17 Mars, et le 17 Avril, 1867, les permis d'exportation des huiles des laines, des dattes et du savon, étaient hypothéqués en faveur de la première conversion de 12,000,000 francs. Comment pouvaient-ils donc offrir pour la garantie d'un troisième emprunt tous les droits de sortie indistinctement? Les administrateurs de cette conversion s'adressèrent immédiatement à M. Schmidt pour en avoir des explications, qu'il offrit de venir donner le soir même à leur comptoir; mais il voulut s'assurer d'avance s'il y serait bien reçu.

La présence même de M. Schmidt en cet endroit était déjà une condamnation des prétentions exprimées dans le prospectus de MM. Erlanger; car les titres représentant les garanties offertes par les mandataires de M. Schmidt étaient au même de ce dernier, dans les caisses des administrateurs de la conversion. Au surplus, M. Schmidt, arrivé au siège de l'administration de la conversion, déclara sans hésitation, en présence des quatre administrateurs réunis, de deux courtiers publics, et de deux autres personnes, que dans le fait on avait commis une erreur très-grave, en nommant indistinctement les droits de sortie dans le prospectus; qu'il savait parfaitement ceux qui étaient affectés à la conversion des 12,000,000 francs, et était prêt à perdre sa fortune pour pouvoir réparer une méprise qu'il s'attribuait en partie; et il se demandait par quel moyen ce prospectus était arrivé à être mis en circulation à Tunis, car il savait qu'il devait être corrigé, et il croyait même qu'il avait été. Il ajouta qu'il en avait fait l'observation au Ministre des Finances, mais que son Excellence lui avait dit en laisser le soin au Gouvernement.

M. Schmidt demanda ensuite des renseignements sur l'importance d'autres revenus que le Gouvernement aurait pu substituer à ceux dont il était question, et il montra un vif regret de ce qui avait eu lieu que les administrateurs se déclarèrent prêts à l'aider de leurs lumières comme il le demandait, pour réparer ce qui avait été fait. Ils convinrent de se rencontrer le lendemain matin chez le Ministre, pour se consulter ensemble. Le soir cependant, porta toujours le meilleur conseil; car le lendemain, M. Schmidt avait résolu, d'adopter une ligne de conduite toute différente. En effet, en rencontrant, comme il avait été convenu la veille, ces messieurs chez le Ministre, il leur dit avoir vérifié la date de son contrat; qu'elle était antérieure à celle de la conversion, et que maintenant il voulait attaquer le Gouvernement, pour avoir disposé de ses garanties. Or, l'emprunt devait se faire à commission, et pour le compte du Gouvernement, et personne ne savait mieux que M. Schmidt qu'il avait déjà complètement échoué à la Bourse de Paris, fait qu'en ce moment le public de Tunis ne connaissait pas encore, et dont le Gouvernement commençait déjà à se douter. Mais les administrateurs, qui ignoraient encore la réalité, prirent M. Schmidt à partie par une lettre qu'ils lui adressèrent, pour lui rappeler les assurances qu'ils avaient reçues de lui, avant la stipulation de leur contrat, ainsi que toutes les autres circonstances qui prouvaient sa parfaite connaissance de toutes les conditions qu'on avait établies pour garantir la conversion des 12,000,000 francs.

M. Schmidt aurait mieux aimé conserver un silence prudent au sujet de cette interpellation; mais il en fut tiré, par la publication dans les journaux d'Italie de la lettre que les administrateurs de la conversion lui avaient écrite. Ne pouvant pas nier la portée des paroles qu'ils lui avaient rappelées M. Schmidt crut se justifier en disant que la demande qu'on lui avait adressée au sujet des garanties ne regardait pas celles qui devaient être affectées aux 100,000,000 du troisième emprunt.

Or, à l'époque où cette demande lui avait été adressée, personne ne soupçonnait l'existence de ce troisième emprunt, au sujet duquel la maison Erlanger avait le plus grand intérêt à conserver le secret, dans la crainte de susciter certaines rivalités qui auraient pu lui créer des difficultés à la Bourse de Paris, difficultés que d'ordinaire on n'arrange entre banquiers qu'en partageant les bénéfices.

La seule explication raisonnable de sa conduite, et que les administrateurs n'hésèrent pas d'adopter dans leur lettre à M. Schmidt, fut celle donnée par le premier Ministre, qui, interpellé par eux, avait justifié de la bonne foi du Gouvernement, en leur rappelant qu'il s'était réservé le droit de rembourser les 12,000,000, s'il contractait un

La maison Erlanger et Cie. n'avait pas le droit d'offrir ses futures souscriptions du nouvel emprunt, les garanties qu'ils prétendaient leur appartenir.

M. Schmidt se présenta au comptoir de la conversion des 12,000,000 francs.

Il leur donna des explications sur les garanties que la maison Erlanger prétendait avoir.

M. Schmidt déclara formellement qu'il y avait eu erreur dans la désignation des garanties offertes aux souscripteurs du nouvel emprunt, et que les droits de

sortie affectés déjà comme garantie à la conversion des 12,000,000 francs, ne pouvaient être

retirés à ceux qui les possédaient déjà.

M. Schmidt retracta les affirmations formelles qu'il avait faites à cet égard.

M. Schmidt menaça d'acquiescer au Gouvernement.

Nouvel emprunt échoué.

Lettre des administrateurs de la conversion à M. Schmidt.

Réponse de M. Schmidt.

Explications fournies par le Premier Ministre, au sujet

du dernier emprunt
essayé par la
maison Erlanger.

emprunt en Europe; le Ministre ajouta, qu'afin de pouvoir exercer ce droit, le Gouvernement avait stipulé avec MM. Erlanger qu'ils devaient solder la dette locale avec le produit de l'emprunt.

Vu cependant que l'emprunt avait échoué, et que MM. Erlanger ne pouvaient pas payer cette dette, son Excellence avait déjà adressé une lettre à M. Schmidt lui transmettant une liste d'autres garanties, pour servir à un nouveau essai à la Bourse de Paris, ce qui lui était d'autant plus permis, disait-il, que le troisième emprunt était à commission, et que le bon ou le mauvais succès regardait le Gouvernement.

Cette explication leur avait été donnée en présence de M. Schmidt; mais comme elle était verbale, ces messieurs le prièrent de vouloir bien rassurer d'une manière plus efficace les esprits émus par la publication du prospectus, et son Excellence n'hésita pas à faire rédiger, sous sa tenante, une lettre datée du 10 Moharem, 1284, dont la teneur suit en traduction: "Louanges à Dieu! A MM. M. Samuilana, J. Cesana, Peluffo et M. Levy. Nous avons soumis à son Altesse ce que vous avez appris à l'égard de la publication faite par la maison Erlanger et Cie., relativement aux permis d'exportation (arabat) qui par contrat stipulé auraient été affectés en faveur d'un emprunt pour le compte du Gouvernement, sur quoi son Altesse a ordonné de vous informer, Messieurs, que les ordres ou permis d'exportation qui se trouvent en vos mains, ne sont sujets à aucune sorte de contestation relativement à la mise en exécution de leur contenu, conformément aux contrats stipulés avec vous, dont les Articles ont pleine force et vigueur. En vue de l'emprunt qui doit être fait pour compte du Gouvernement, son Altesse, notre Maître, a déterminé une somme à prélever sur les tributs, en substitution des dits permis d'exportation, et nous en avons prévenu M. Schmidt, Agent à Tunis de la maison Erlanger et Cie., par une lettre que nous lui avons adressée en date d'aujourd'hui, et par laquelle il lui a été communiqué quels sont les impôts donnés en substitution. Soyez donc sûrs de votre opération, et dans le cas où l'on avancerait des prétentions c'est le Gouvernement seul qui doit y répondre; vous ne devez, Messieurs, que vous en tenir aux termes des contrats précédés.

"Demeurez sous la sauvegarde de Dieu.

"Ecrit par le pauvre envers son Dieu suprême, le Général de Division et Premier Ministre Moustapha, le 10 Moharem, 1294 (14 Mai, 1867).

(Signé) "MOUSTAPHA."

"Pour traduction conforme, l'Interprète du Consulat d'Italie.

(Signé) "LUIGI MIRABILE."

"Vu pour la légalisation de la signature qui précède de

M. L. Mirabile, Interprète de ce Consulat.

"Tunis, le 17 Juin, 1867.

(Signé) "G. L. PINNA."

Les nouvelles
d'Europe con-
firment que la
nouvelle émission
Erlanger a échoué.

Peu de jours après, les nouvelles d'Europe confirmaient celles qui avaient déjà circulé. Plus de doute: l'emprunt avait échoué, et le Gouvernement ne pouvait plus y compter, ni pour rembourser les 12,000,000 déjà convertis, ni pour payer les dettes encore flottantes.

Les garanties des 12,000,000 restèrent conséquemment entre les mains de leur administrateurs légitimes, et le Gouvernement dut aviser à d'autres moyens de venir à une entente avec les autres créanciers. Il se crut de nouvelles ressources, en établissant un droit sur le timbre, et c'est principalement sur la garantie de ce revenu que, le 26 Juillet, 1867, il put souscrire un contrat pour la conversion de 10,000,000 francs désignée sous le nom de conversion du 1 Août, 1867, à laquelle d'autres garanties furent aussi affectées. Cette nouvelle opération ayant complètement réussi, fut suivie le 1 Septembre de la même année d'une autre conversion de 10,000,000 francs. Trois Français, deux Italiens, et un Anglais, prirent part à la stipulation des contrats signés pour ces opérations.

Le 1 Janvier, 1868, le Gouvernement signa le contrat de 2,000,000 francs, dont on a parlé plus haut en sorte que, le Gouvernement se trouvait avoir converti dans le cours de neuf mois 40,000,000 francs de dettes qui étaient en souffrance, et qu'il garantissait, en capital et intérêts, par des moyens sur la presque totalité desquelles il n'avait jamais compté. Ces 40,000,000 francs surpassaient le chiffre auquel il faisait monter ses dettes locales à cette époque; mais on vit par la suite qu'il y avait encore quelques millions dont les possesseurs espéraient être solennellement soldés aussitôt que le Gouvernement se serait débarrassé de la plus grande partie de ses dettes, par le moyen des conversions. Et il y a trois ou quatre mois, un Français qui était de ce nombre a effectué une conversion toute personnelle, en prenant en garantie une partie des bénéfices que le Gouvernement fait en frappant de la monnaie.

Etablissement du
droit sur le timbre.
Conversion du
1 Août, 1867.

Nouvelle conver-
sion de 10,000,000
francs.

Le contrat de la
conversion des
2,000,000 francs
est signé (1 Jan-
vier, 1868).

Petite conversion
personnelle par un
Français, le 1er
Janvier, 1868.

Comment se fait-il donc que la dette flottante monte aujourd'hui à une chiffre dont, on commence de nouveau à s'inquiéter? On se peut se l'expliquer qu'en se rappelant les envois de bons du trésor qui n'ont cessé d'être émis en France pour couvrir, comme le public la suppose, des avances que l'Administration se faisait faire pour telle ou telle autre exigence du moment. Une de ces émissions cependant trouve sa raison d'être dans la disette qui a tant éprouvé la Régence l'année passée, et mis le Gouvernement dans la nécessité de se pouvoir de blé à l'étranger à des prix très élevés; ce qui, faute d'autres articles d'échange, a causé un épuisement sensible du peu de numéraire en circulation. On peut affirmer sans crainte de contradiction, que quels qu'aient été les moyens employés par le Gouvernement pour se procurer de l'argent, personne à Tunis ne lui a plus fait d'avances depuis ses dernières difficultés. Du reste, le pays se trouvait tellement épuisé par ses engagements avec le Gouvernement qu'il eût été difficile, pour ne pas dire impossible, à qui que ce fut d'en faire. Mais comme nous devons tout dire, nous ne passerons pas sous silence que des créanciers, pour 1,000,000 francs, auxquels le Gouvernement avait donné en gage des obligations pour 4,000,000 francs, se sont vus dernièrement dans la nécessité de vendre une partie minime de leurs gages au bas prix du moment, ce qui augmenta le chiffre de la dette flottante de près de 1,000,000 francs—différence existant entre le montant de la dette et la somme réalisée, par la vente des titres hypothéqués.

Dans cet état de choses, quel remède peut-on adopter pour contenter tout le monde? Et il ne faut pas omettre les besoins du Gouvernement au nombre de ceux qu'il faut satisfaire; on est étonné que la question, ainsi posée, puisse faire naître une différence d'opinion quelconque. Il n'y a qu'à donner à chacun ce qui lui appartient. Les porteurs d'obligation 1863 ont la garantie du droit personnel qu'on leur donne; les porteurs d'obligation 1865 ont leurs garanties du droit sur les oliviers, ainsi que sur les douanes qu'ils jouissent de ces revenus. Le bon sens des créanciers de Paris leur avait indiqué cette ligne de conduite comme la plus juste et la plus raisonnable qu'ils pussent adopter. Ils s'adressèrent au Tribunal de la Seine pour demander la saisie-arrest de ces garanties, mais ce tribunal se déclara incompétent; c'était donc une question qu'il fallait traiter diplomatiquement, et qui ne le fut pas. Mais, dit-on, par l'effet d'une force majeure, l'impôt personnel a été supprimé. Il paraît en effet qu'à cette garantie on en a substitué d'autres, nous croyons que ce sont les droits sur les dattiers du Djérid; le prospectus de MM. Erlanger que nous avons reproduit plus haut, ajoutant aux garanties qu'il offrait pour l'emprunt 1867, toutes les sommes restant libres "sur les impôts affectés à l'ère de garantie à l'emprunt de 1863." Or, ces impôts n'étaient pas mentionnés dans leur premier contrat et ne peuvent conséquemment avoir été donnés qu'à l'époque de la suppression de l'impôt personnel. Tous les intérêts sont conséquemment à couvert, et les créanciers garantis de Paris ne sont aucunement en opposition avec ceux des créanciers garantis de Tunis. Chacun peut et doit jouir de ses droits, sans méconvenir pour ce Gouvernement. Il y a des représentants des conversions locales qui administrent les revenus qui leur ont été affectés; rien ne s'oppose à ce que les porteurs d'obligations 1863 et 1865, aient les leurs, et qu'ils les administrent d'une manière semblable.

Ces deux questions résolues, reste la dette flottante; ceux dont les titres sont antérieurs aux conversions étaient bien libres d'y prendre part, et ne l'ont pas fait: ils étaient dans leur droit; mais ils sont à plaindre; car après une longue attente un d'eux ou a trouvé d'autre remède, et s'est trouvé très-heureux, il y a trois ou quatre mois, d'accepter, comme nous l'avons dit, la garantie des bénéfices résultant de la fabrication de la monnaie. Il a ainsi allégé d'une somme considérable le chiffre des dettes de cette classe. Quant à ceux qui ont accepté des obligations du Gouvernement Tunisien postérieurement à ces difficultés, ils forment une autre catégorie, dont nous ne savons rien pour le moment, ni regretter le sort. Nous n'avons pas assisté à toutes les opérations faites par les Agents du Gouvernement en Europe, pour pouvoir en préciser la somme. Mais c'est étonnant, est-il juste, qu'ils viennent maintenant proposer une unification des dettes du Gouvernement, pour faire masse commune avec les créanciers hypothécaires, et discuter ainsi l'importance des garanties dont ces derniers sont nantis? N'est-il pas constant que M. de Montier s'est lui-même énergiquement opposé, pour cette même raison à ce projet d'unification, lorsqu'il a été mis en avant pour la première fois par la Banque Internationale? Comment est-il possible de croire que des créanciers ayant des garanties suffisantes pour couvrir leurs coupons puissent se résigner à se partager avec d'autres créanciers qui ne jouissent pas du même bénéfice? Comment supposer que ces créanciers qui ont des hypothèques matérielles qu'ils administrent eux-mêmes consentent à s'en dessaisir, ou à diminuer le taux de leur intérêt? M. le Comte d'Albion de France, répondant au délégué des obligataires des emprunts 1863 et 1865, et lui-même pénétré de cette vérité, puisqu'il disait alors à ce délégué "que les Conseils provinciaux de leurs nationaux établis en Tunisie, seraient d'accord pour empêcher la

La dette flottante
monte toujours
malgré les conver-
sions.

Chaque créancier
doit conserver les
garanties person-
nelles qui lui ont
été accordées.

Les obligataires de
Paris s'adressent au
Tribunal, qui se
déclare incompé-
tent.

La garantie de
l'impôt personnel
a été remplacée par
d'autres.

Les administrateurs
des conversions
administrent eux-
mêmes les garanties
qu'ils possèdent
sur les dattiers et
sur les douanes de
Tunis.

Créanciers de la
dette flottante qui
n'ont pas pris part
aux conversions.

Ceux qui ont
accepté des obliga-
tions du Gouverne-
ment Tunisien
après les dernières
difficultés avaient
à quoi se con-
soler.

M. de Montier
s'est opposé au
projet d'unification.

Opinion du Comte
d'Albion de France
sur le projet de
unification des
dettes.

Le Gouvernement n'était pas en état de faire lorsqu'il a consenti aux conversions.

Les garanties données aux conversions sont toutes à faire distinctes de celles accordées pour les emprunts.

Les créations des conversions locales ont été un moyen pour le Gouvernement, parce qu'il ne pouvait pas avoir de garanties suffisantes ailleurs.

Le surplus du produit des conversions locales a été affecté au profit des créanciers.

Conseils du Gouvernement.

réussite de tout projet dont l'acceptation aurait pour résultat d'enlever aux créanciers résidant à Tunis les garanties sur lesquelles ils avaient pu mettre la main. Evidemment le Chargé de France ne pouvait faire une pareille déclaration, que parce qu'il était pénétré de la loyauté des créanciers locaux et de la justice de leur cause. Est-ce là d'ailleurs la législation suivie même en matière de faillite? Mais, dit-on, le Gouvernement était en état de faillite lorsqu'il a fait ces conversions, puisqu'il n'a pas payé les coupons. Nous nions cette assertion, car 1) lorsqu'à la date du 2 Mars on a stipulé à Tunis le premier contrat de la conversion de 12,000,000, qui fut complétée le 17 Mars et le 8 Avril, 1867, les coupons du 1 Novembre, 1866 et du 1 Janvier, 1867, venaient d'être payés à Paris; 2) le Gouvernement continuait toujours à jouir de son crédit normal, et payait son coupon du 1 Mai, 1867, et tout en continuant à négocier des emprunts en France, il traitait de la conversion de toutes les dettes locales; 3) nous n'admettons pas le principe qu'un Gouvernement qui est dans l'exercice de tous ses droits politiques et administratifs puisse être considéré en état de faillite, quelles que puissent être ses difficultés éventuelles. Nous croyons que l'opinion du Gouvernement Français ne diffère pas du principe que nous avançons, puisque le 9 Mai, 1867, c'est-à-dire, trois mois après la première conversion, et neuf jours après le paiement du coupon du 1 Mai, il a permis à MM. Erlanger et Cie. de lancer un prospectus à la Bourse de Paris, pour un emprunt de 100,000,000, pour compte du Gouvernement Tunisien. Personne ne pouvait s'imaginer dans le temps toutes les difficultés qui ont surgi par la suite, et il ne faut pas perdre de vue que les garanties données aux autres conversions locales sont tout aussi distinctes de celles affectées aux emprunts 1863 et 1865 que le sont les garanties de la première conversion, quelques-unes même provenant de ressources tout nouvellement créées. Et il valait tout autant de dire, que le Gouvernement n'avait pas le droit d'établir de nouveaux impôts, que de prétendre qu'il ne pouvait pas donner des sécurités à tous ses créanciers locaux, car il en avait donné à ceux de Paris.

Nous ne pouvons pas nous expliquer par quelle déception ceux-ci ont pu croire qu'une de leurs garanties a été supprimée sans qu'aucune autre y ait été substituée, et que les autres étaient insuffisantes à payer leur coupon. Nous ne pensons pas que la substitution de garanties acceptées par MM. Erlanger et Cie. ait en rien diminué l'importance des revenus qu'ils représentaient en 1863 et 1865. Le seul revenu de la Douane, dépend du plus ou du moins d'importations, mais il est susceptible d'être augmenté en élevant sans le moindre inconvénient à 8 ou à 10 pour cent le droit actuel de 3 pour cent. De même que le Gouvernement a pu garantir une conversion particulière par le revenu de l'Hotel de la Monnaie, de même il lui serait facile de créer d'autres ressources, pour couvrir les obligations qu'il a émise antérieurement aux conversions. Nous indiquons une taxe sur le sucre, ou une taxe sur le revenu que le Gouvernement pourrait créer à cet effet, et le rendant payable en nature, pourvu qu'elle fut bien et dûment administrée, et voilà justement pourquoi nous considérons que la création des conversions locales est très utile au Gouvernement, en ce que les garanties se trouvent maintenant sous un contrôle régulier, par l'effet duquel, il peut se rendre compte de ce qu'elles rendent effectivement. Comme, cependant, il aurait encore à verser aux moyens d'en finir avec toute la dette flottante, pour ne plus en parler, il nous parait que ceux qui ont accepté des titres flottants après les difficultés qui ont surgi de nos jours pour le Gouvernement pourraient bien attendre que les conversions locales fussent terminées pour être soldés, quant au capital au moyen du surplus des garanties pouvant encore exister à cette époque entre les mains des administrateurs des diverses conversions. Une telle opération a été déjà faite au profit de la conversion de 8,000,000 francs du 1 Janvier, 1868, garantie quant au capital par le surplus des permis d'exportation d'huile, de laine, de dattes, et de savon, comme nous l'avons déjà dit.

La même opération a eu lieu au profit de la conversion du 1 Septembre, à laquelle on a affecté la conversion du droit du timbre et des permis d'exportation, appartenant à la conversion du 1 Août, 1867. Quant aux intérêts, on pourrait adopter le même plan, en leur donnant un revenu quelconque, car il ne faut pas supposer que les conversions, et même les emprunts, ont tout absorbé. Mais, dit-on, de quoi vivra le Gouvernement? C'est une de nos questions tout aussi juste que si on demandait de quoi vivraient les créanciers locaux, si on n'avait pas fait les conversions?

Et nous répondons, la première chose, que le Gouvernement doit faire, est d'établir un tel contrôle sur les agents préposés à la perception des impôts, dans les provinces éloignées, qu'ils ne puissent détourner à leur avantage l'argent qui devrait arriver au Trésor.

2. Enlever ces mêmes agents de pressurer le peuple par des exactions qui n'entrent pas dans le cadre des impôts établis, et qui par leur fréquence appauvrissent l'agriculture, et rendent difficile la perception légale. Que les Gouverneurs ne soient pas comptables, que les communes soient indépendantes des Gouverneurs, et le Gouvernement pourrait vivre d'abord, par le seul bénéfice que ce changement de système lui produirait.

• Voyez Rapport aux Obligations des Emprunts de 1863 et 1865, page 10.

3. Encourager l'agriculture, en établissant des règlements propres à la soulager des évaluations capricieuses et des vexations de tout genre qui l'oppriment et la découragent.

4. Utiliser les biens fonciers de l'Etat, abandonnés dans ce moment aux soins d'agents qui les négligent.

5. Regulariser les Habès, ou biens usufructuels qui absorbent une grande partie de la vitalité du pays.

6. Créer de nouvelles ressources, en augmentant le nombre des contribuables. Le système actuel admet l'exemption de certaines classes privilégiées, qui tout en jouissant des avantages que leur offre le pays, ne sont pas soumises à la règle commune.

7. Proportionner les dépenses aux revenus, et ce serait bien facile, pour un si petit Etat, qui n'aurait pas besoin de marine, ni de tant d'agents, dont les voyages à Paris ont énormément facilité les opérations ruineuses dont nous avons parlé.

Ces agents avaient été envoyés, comme un moyen de gagner du temps, en tirant des traites sur eux, pour payer plusieurs négociants; ces traites étant restées en souffrance, continuant avec leur compte de retour, à figurer dans le cadre général des dettes légitimes du Gouvernement Tunisien.

8. Ordonner aux Gouverneurs d'aller résider dans les places de leurs commandements, pour y faire, par eux-mêmes, leur devoir, et rien que leur devoir.

9. Le système actuel admet le changement continu des Kaidas et des Shaks Arabes, c'est ce qui fait, que n'étant pas sûrs de la durée de leur autorité, ils considèrent les tribus qu'on leur confie comme une proie légitime, et ils doivent dévorer au plus tôt.

10. Réveiller le commerce étouffé de la Régence par suite de l'immobilité des capitaux engagés avec le Gouvernement, en faisant religieusement exécuter les Conventions qui se passent entre les indigènes et les sujets étrangers.

Le Gouvernement doit se rappeler que la seule province de Sousse lui a payé plus de 40,000,000, il y a trois ans, et que cette province n'aurait pas pu s'acquitter de cette dette sans les moyens fournis par le commerce. Les avances que les négociants ont faites à cette occasion aux propriétaires n'ont pas été acquittées, par suite des mauvaises récoltes.

Les intérêts étrangers engagés dans cette importante partie de la Régence montent à plus de 100,000,000 francs. La prochaine récolte promet un brillant résultat et un avenir meilleur. Que le Gouvernement profite de son appui au commerce, et le commerce ne s'écartera jamais de la modération et du dévouement qu'il lui a toujours démontrés, même sous l'impression des circonstances douloureuses que nous avons relatées.

Au surplus, nous offrons ces conseils pour le bien d'un Gouvernement dont le bien et le mal nous touchent de très près, mais s'il respecte ses engagements, s'il maintient ses contrats, et prouve que les difficultés qu'il s'est trouvées ont été surmontées de sa bonne volonté, il peut se promettre de recueillir de la terre qui gouverne des moyens sur lesquels il doit plus certainement compter, que sur des arrangements, et des unifications basées sur des théories, qui ne peuvent ni se courir avec une connaissance plus approfondie des circonstances locales, ni trouver leur application avec l'existence des abus que nous avons indiqués.

Tunis, le 17 Juin, 1868.

Les Administrateurs de la Conversion du 2 Mars, 1867

(Signé) M. SANTILLANA
J. DE J. CESANA.
M. LEVY
C. GUETIEREZ.
A. PELLICCI.

Les Administrateurs des Conversions 1 Août et 1 Septembre, 1867:

(Signé) A. CHAPPELIER.
M. PISANI.
IS. G. PAZ.

(Les autres Administrateurs des Conversions 1 Août et 1 Septembre, 1867, MM. Garzin, Fila, Amodeo Traverso, Y. Samama aîné, sont actuellement absents de la Tunisie.)

Les Administrateurs de la Conversion du 1 Janvier, 1868

(Signé) ACHILLE BOGO.
PAOLO CASSANELLO FU NICOLÒ.
FELIX MONGE.
TEOD. DE MONTES.
L. VAN GAVER.
GIOV. VIGNALE.

Inclosure 2 in No. 121

Certificate.

NOUS Soussignés, Agents de Change, faisant les affaires du Gouvernement Tunisien, à ce requis par le corps commercial, certifions que les taux des intérêts payés par le Gouvernement sur la place de Tunis, depuis l'année 1858 jusqu'à ce jour a constamment fluctué entre 9, 10½, et 12 pour cent; variation qui a dépendu de la plus ou moins grande abondance d'argent sur place, sans que le taux de 12 pour cent ait jamais été dépassé, si ce n'est pour une somme de 1,500,000 de francs de titres hypothéqués pour le quartier de leur valeur, et sur laquelle il a convenu de payer 18 pour cent l'an.

Nous certifions en outre: 1, que les ventes d'huiles que le Gouvernement a opérées en Mai 1864 ont été faites aux prix de 16, 17, et 17½ piastres, et qu'il les a rachetées à 19½ à l'époque de l'échéance; 2, que les ventes du mois de Janvier 1866 ont été faites quant aux huiles à 20 piastres, quant aux blés à 127½, et quant à l'orge à 65 piastres.

Fait à Tunis, en triple original, pour un seul effet, le 16 Juin, 1868.

(Signés à l'original)

GIACOMO GUTTIEREZ
A GUTTIEREZ.
FIORENTINO E. FORTI
GASPARO COSCHIERI.

No. 122.

Lord Lyons to Lord Stanley.—(Received July 4.)

No. 606.)

My Lord,

Paris, July 3, 1868

WITH reference to your Lordship's despatch No. 413 of the 20th ultimo, I have the honour to inform you that I put into M. de Moustier's hands this morning a short Memorandum, or *note verbale*, and with it a copy of the list of British claims on the Government of Tunis which was inclosed in Mr. Wood's despatch to me of the 20th ultimo.

I thought it better to confine myself for the moment to communicating to M. de Moustier simply the list of claims, with a short statement showing distinctly the terms upon which the communication was made. It seemed to me to be prudent to reserve any elucidation of the list, and any observations on other points, for the Conference which are to be held for the settlement of the general question of the Financial Commission.

I have the honour to transmit herewith to your Lordship a copy of the *note verbale*. Your Lordship will see that it is in substance an extract from your Lordship's despatch to me No. 358 of the 8th ultimo, which was read by me to M. de Moustier on the 11th ultimo, and of which copies were sent by your Lordship to Her Majesty's Ambassador at Vienna and Her Majesty's Minister at Florence.

I read the *note verbale* to M. Nigra, the Italian Minister, and to Count Solms, the Prussian Chargé d'Affaires, before I gave it to M. de Moustier, and I have promised to let them have copies of it and of the list of British claims.

I have, &c
(Signed) LYONS.

Inclosure in No. 122.

Memorandum.

THE Marquis de Moustier suggested to Lord Lyons that the British, French, Italian, and Prussian Governments should communicate to each other statements of the claims of their respective subjects against the Government of Tunis. Having made this suggestion known to Her Majesty's Principal Secretary of State for Foreign Affairs, Lord Lyons received instructions to the following effect respecting the views of Her Majesty's Government.

Her Majesty's Government saw no objection to statements being made of the nature and extent of the claims of British, French, Italian, and German subjects on the Regency, and to such statements being interchanged between the Representatives

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of the four Powers at Paris as matters of general information. Her Majesty's Government were not, however, prepared to consent to an inquiry being held at Paris to determine the validity either of British or of any other claims. That was not the point at issue. The point was to determine in what manner a Commission should be established at Tunis, whose functions should be to secure a proper administration of the finances of the Regency, under which provision should be made not only for foreign creditors, but also for the current expenditure of the Government. Her Majesty's Government were not prepared to delegate to the Commission an examination into the claims of foreign creditors. The validity of the claims was either notorious, or, at all events, was merely a matter to be debated between the Tunisian Government and the Governments of the claimants.

On the 11th ultimo Lord Lyons had the honour to read to the Marquis de Moustier the despatch containing the above instructions.

A statement of the claims of British subjects which has been furnished by Her Majesty's Agent at Tunis accompanies the present Memorandum.
July 3, 1868.

No. 123.

Lord Stanley to Lord Lyons.

(No. 432.)

My Lord,

Foreign Office, July 5, 1868.

I HAVE received your Excellency's despatch No. 606 of the 3rd instant, and I approve of the manner in which your Excellency has carried out the instructions contained in my despatch No. 413 of the 20th ultimo, in regard to communicating to M. de Moustier the list of British claims on the Government of Tunis; and also of your having read to your Italian and Prussian colleagues the *note verbale* on this subject which you have placed in his Excellency's hands.

I am, &c
(Signed) STANLEY

No. 124.

Messrs. Hope and Blackmore to Lord Stanley.—(Received July 13.)

(Confidential.)

My Lord,

Messrs. Duncan, Squarey and Co.

Founder's Court, Lothbury, July 13, 1868.

THE critical condition of the Government of Tunis has, we believe, already attracted your Lordship's consideration, although we are ignorant to what extent your Lordship may consider the independence of Tunis to be a matter of importance to this country. For the reasons which we shall presently give, we have, however, a very strong conviction of the importance to this country of maintaining the independence of Tunis, threatened at present by the French, and as our co-operation and advice was sought for by his Excellency General Roustem, Minister of the Interior, and now in Paris charged with a financial mission, we made a proposition to the Government of Tunis through him, having for its object the preservation of the independence of Tunis, and the setting aside French interference and tuition.

Before the last Tunisian loan was contracted in Paris, the financial emissaries of the Bey had repeated interviews with one of the Undersigned (Mr. Hope), urging him to give his assistance in obtaining the loan for the Bey; but he, seeing no sort of security for the future payment of the obligation to be contracted, and disapproving wholly of many of the proceedings of the Tunisian Government, resolutely declined to interfere in the matter.

The present state of things is entirely different. The Government has learnt to understand that they have received no proper value for the obligations they contracted by their former loan, and that the contracting of a loan is not a mysterious process by which a good genius makes them a present of bags of gold, but a very prosaic business, involving a diminution of future clear income, owing to the high interest which has to be paid with punctuality. Their own folly and imprudence, aided by the recklessness, not to use a stronger word, of their Paris bankers, has imperilled their independent existence, and consequently reduced them to a very humble and docile

frame of mind. They no longer seek to pay the interest of their old loans by contracting a new one, and, in fact, are anxious to borrow as little money as they possibly can do with, but they wish to get into safe respectable hands, and are most nervously anxious to avoid the necessity of coming under French tutelage.

The proposition which we submitted to General Roustem, partly in writing and partly verbally, was forwarded by him at once to his Government, and received by them so favourably that they at once sent over his Excellency General Kheredine, the man of all others who commands most respect and confidence among all classes and parties in Tunis, to treat with us. The General is a very remarkable man, a statesman in every sense of the word, and as enlightened and as capable as any statesman in Europe, and was in no way connected with the late misgovernment and mismanagement in Tunis, the end of which he clearly foresaw. He is the bearer of full powers to sign any Convention which will secure to the Bey financial and political freedom. But the proposal which we submitted to the Government, although a very simple one, and one which the French could not take offence at, nevertheless cannot be carried out without the countenance and support of Her Majesty's Government; and General Kheredine says that the relations of his Government with the French are in so critical a condition that he dare not initiate negotiations of the nature indicated, nor, indeed, take any official part in them, until they are so far completed as to secure the Government from any spiteful action of the French.

He has, therefore, requested us, at this stage, to be the medium of communication with your Lordship, and we therefore have the honour to request the favour of an interview that we may submit our scheme for your Lordship's consideration.

In order that your Lordship may feel some confidence in the capacity of the Tunisians for self-government, General Kheredine has requested us to present to your Lordship two copies, inclosed herewith, of a translation of a part of a work which he has written, and which gives proof of a breadth of view and liberality which are truly surprising. We also beg to inclose some extracts from the Report in the "Moniteur" of the 9th instant of the debate in the Corps Législatif the previous day, relating to Tunis, by which you will see that the language used both by the Opposition, represented by M. Jules Favre, and by the Marquis de Moustier, would deprive the French of any grounds for complaint if Her Majesty's Government were to countenance the scheme we desire to submit to them.

We may further inform your Lordship that we are in a confidential communication with the Italian Government, by whom the French occupation of Tunis is regarded with the greatest alarm, and that they are prepared to support any proposition which obtains the countenance of Her Majesty's Government.

We further beg to inclose a first proof of some statistics which we are preparing in the belief that they may be of use to the Foreign Office.

We may here ask leave to state, very briefly, why it is that we consider the independence of Tunis a matter of such importance to this country, and also why we consider that its independence is seriously threatened. Just as the French are continually boasting, half in jest and half in earnest, that it is their design to extend their frontier to the Rhine, so it flatters their vanity to talk of the Mediterranean as a French lake; and there is no doubt that, however little any practical French statesman may believe in the possibility of attaining either of these objects of ambition in the present generation, they are objects which are constantly kept before the French Government, and towards the accomplishment of which they neglect no opportunity for intrigue. Already, in Algiers, they are the possessors of a great stretch of the southern coast of the Mediterranean, and had it not been for the watchfulness of English diplomats, they would, ere long, have established a footing in Egypt by means of the Suez Canal. In the whole of Algiers, however, there is not a single good port or even roadstead, whereas, in Tunis, there are several first-class harbours, and notably Porto Farina, capable of being made a second Sebastopol. It is, therefore, easy to understand how anxious the French are to get a footing in Tunis, and were Porto Farina in their hands it would be a standing menace both to Malta and Italy, while the addition to their territories of so large a portion of Africa, and the knowledge that there was always a powerful fleet comparatively so near, would necessarily increase the influence of the French in Greece, Turkey, and Egypt, but more especially in the latter. Moreover, Tunis is a far richer country than Algiers and susceptible of producing vast stores of grain, cotton, and silk, under a better Government, aided by a few works of irrigation; and as this is the result which we have placed before ourselves, the carrying out of our proposals would, in the course of time, and perhaps not a very long time, secure to England a most valuable market both for obtaining

grain, cotton, and silk, and for disposing of hardware and textile fabrics; whereas, under French tutelage, and, still more, French occupation, the country would make no real advance, and whatever commerce existed would be monopolized by France.

We feel, therefore, that the result we have proposed to ourselves is well worth striving for, and we venture to feel considerable confidence that our scheme will receive the approval of your Lordship.

General Kheredine has impressed upon us, most urgently however, the absolute necessity of very great expedition if the beneficial results we look for are to be secured. May we, therefore, beg your Lordship to grant us an interview on as early a day as possible?

We have, &c.
For self and W. Blackmore,
(Signed) W. HOPE.

No. 125.

Mr. Hammond to Messrs. Hope and Blackmore.

Gentlemen,

Foreign Office, July 14, 1868.

I AM directed by Lord Stanley to acknowledge the receipt of your letter of the 13th instant, requesting an interview with his Lordship in reference to the affairs of Tunis, and I am to acquaint you that Lord Stanley will be happy to see you at this office on Friday next, the 17th instant, at 1 o'clock.

I am, &c.
(Signed) E. HAMMOND.

No. 126.

Mr. Wood to Lord Stanley.—(Received July 15.)

(No. 34.)

My Lord,

Tunis, July 4, 1868.

THE inability of the Tunisian Government to pay the arrears due to some French artisans employed at the arsenal induced them to stop the carriage of the Prime Minister to represent to him their destitute condition. His Excellency promised he would direct that a portion of their salaries should be paid to them; but he it from want of funds, or from other causes, he failed to redeem his promise, in consequence of which the claimants shortly afterwards assembled on a bridge, and again stopped the Minister's carriage as he was quitting the Bey's Palace. It would appear, however, that this time the clamour and vehemence of these people caused apprehensions lest they should commit some act of violence, and his Excellency therefore requested the Minister of Finance to raise a sum, at any sacrifice, to pay their salaries, and discharge them from the Tunisian service.

A sum of 27,000 francs was accordingly raised; but owing to some difference in the accounts, arising out of bills which had been previously furnished to them in payment of arrears, but which were returned protested, they have retained the money as an instalment, and have declared that, until they receive full satisfaction, they will consider themselves as still being in the employment of the Government.

The French Chargé d'Affaires highly disapproves such irregular and violent proceedings; but he stated to me, that whilst he deplored the causes to which they were traceable, he found it difficult to persuade men to be passive and prudent when rendered desperate by the destitute condition of their families.

It would likewise appear that some time previous to these incidents, one or two of these individuals had threatened to shoot the Minister. M. Bozmihaui acquainted the Bey with their sinister intention, and suggested that since the finances of his Government did not permit it, it would be advisable to pay them the amount of the arrears due to them, and send them back to France.

Owing to the representations I was called upon to make in favour of some English engineers in the service of the Bey, a month's salary was paid to them, and to all the foreign engineers and artisans, without distinction; but this is only a small portion of the amount they have to receive.

The position of all the foreign Representatives is certainly one of great perplexity. Whilst, on the one hand, the clamour, discontent, and complaints of their respective

subjects are becoming louder every day, the embarrassed state of Tunisian affairs is increasing on the other; but in the midst of much confusion and disorganization, there is a prospect of abundant crops, particularly in oil, which will afford great relief both to the people and to the Government.

I have, &c.
(Signed) RICHARD WOOD.

No. 127.

Mr. Wood to Lord Stanley. (Received July 15.)

(No. 35.)

My Lord,

Tunis, July 4, 1868.

I HAVE the honour to report that General Khairddin, ex-Minister of Marine, and General Bakouah, Chief Secretary to the Minister, have left for Paris.

Previous to their departure the Bey was pleased to inform me, through his Minister, and subsequently in a personal interview, that General Khairddin had no ostensible mission, but that General Bakouah was directed to settle the accounts between the Tunisian Government and the house of Messrs. B. Erlanger and Co. with M. Pinard, Director of the "Comptoir d'Escompte," with the ex-cashier of the Government, now in Paris, and with other individuals, who were imprudently entrusted with considerable financial operations that have resulted in disastrous losses to the Treasury, and to which public opinion traces the origin of the present embarrassed state of Tunisian affairs.

I availed myself of the occasion to discuss with the Prime Minister and the Minister of Finance the actual state of the finances, with a view of giving his Highness a clear insight into a subject which, besides its general importance, had a political bearing, under existing circumstances. Upon this latter point I dwelt at great length, and laid bare the objects sought to be attained by those parties who conceived that the moment had arrived when they could accomplish them wholly, or in part, in furtherance of views which were now disavowed simply because, having been prematurely disclosed, they had met with opposition. With such a warning before him, I entreated the Bey to pause and not to permit interested advisers to persuade him to sanction any fresh combination tending to increase the difficulties of his present and future position instead of affording him relief; and I urged the necessity and wisdom of carefully avoiding a repetition of past errors, to which his Highness had often alluded with deep sorrow, and which might have been easily obviated, together with the unhappy consequences, had his councillors listened to the sincere advice of those who took an interest in the welfare of his country, and to whose feeble but unremitting exertions he was pleased to attribute its safety and preservation on two occasions.

The conversation was necessarily prolonged, and the Bey, after listening with attention to my observations in reviewing the state of his affairs both at home and abroad, inquired of the Minister of Finance whether he approved the approximate calculation I had submitted to him of Tunisian indebtedness. His Highness then emphatically stated to his Prime Minister that he entirely concurred in my remarks, and desired his Excellency to keep me informed of all proposals and projects having a reference to financial matters.

The Bey is aware that for a very long time a notable divergence of opinion exists between his Minister and myself in respect to Tunisian affairs; and as my predictions and apprehensions as to the result of his financial combinations have been unfortunately realized, his Highness has made a solemn declaration,—in fact, has made a vow,—that henceforward no project or other matters of his Government in connection with Europe shall be undertaken without my being made previously acquainted with them. This resolution appears to dispose the Minister to resort to other tactics, and possessing, with great shrewdness, the other conspicuous traits of the Greek character, he insensibly leads his master to approve certain details, which in the end form a whole, and in this manner he finally succeeds in carrying out his measures without exposing himself to reproach. It is in consequence of this mode of proceeding I am compelled to receive with much reserve his statements and assurances, which, though made with apparent frankness, are nevertheless susceptible of being differently construed by him whenever it suits his purpose to do so. With perfect confidence, therefore, in the sincerity of the Bey, I must express my doubts as to the real object of General Bakouah's mission to Paris, whose personal intimacy with the house of Messrs. Erlanger and Co., and with the Director of the "Comptoir d'Escompte," renders it probable will lead to the

renewal of negotiations for a new loan, ostensibly for the unification of the Tunisian foreign and local debts.

In the present low state of Tunisian credit, a new loan of 120,000,000 francs, nominal, could only be effected at ruinous conditions, and were it permissible to judge of its results by the experience so dearly purchased already, this Government would derive but a temporary and a very limited pecuniary relief against the payment of an additional heavy annuity. This, however, would only be one of the grave inconveniences that would accrue from such a financial operation, unless, indeed, it were seriously matured and undertaken by capitalists whose position and standing in the various European markets would ensure success on terms advantageous, and not ruinous, to the Regency and its foreign creditors.

On this subject I have drawn the earnest attention of the Bey. I have reminded him of the very recent attempt to insert secret clauses, having a highly political significance, under special direction and patronage, in a contract for a loan with the Société Générale of Paris, and how urgent it had, therefore, become to avoid similar dangers by the employment of extreme caution.

In consequence of these recommendations General Khairddin, in whose intelligence, integrity, and sentiments of patriotism I put great reliance, was specially desired by the Bey to thoroughly examine every question and matter in discussion at Paris having a reference to this Regency, and to transmit a faithful report thereon to his Highness, together with his own opinion and appreciations. To facilitate the General's task I have given him all the information I possess on passing events, and I entertain a hope that his presence at Paris, where he has resided for some years, his thorough knowledge of the political, material, and administrative condition of his country, and his personal acquaintance with the Marquis de Moustier and other prominent personages, will be useful in many respects.

I have, &c.
(Signed) RICHARD WOOD.

No. 128.

Memorandum given to Lord Stanley by Deputation respecting Tunisian Financial Question, July 17, 1868.

1. MESSRS. H. AND B. engage to find whatever money may be necessary to meet the indispensable requirements of the Government.

2. This will be done in the name of a French banking-house, on the following conditions:

(a.) His Highness the Bey shall agree to appoint any gentleman nominated by the French banking house as Finance Minister, Secretary General of Finance, or what other title may be agreed upon.

The duties of this gentleman shall be to review the system of taxation, customs, tithes, and excise throughout the country; to report upon the same, and such recommendations made by him as are approved, the Government shall bind themselves to carry out. The entire revenue of the country shall pass through his hands, and without his signature no receipt to the collectors or farmers of revenue shall be valid. Of the sums so collected, such portion as may hereafter be agreed upon shall at once be remitted by him to the "Commission des Finances de Tunis à Paris," to be by them handed over to the Messrs. H. and B., the French Banking House, for the

payment of the interest of the foreign debt.

b. The French Government to organize a Commission on the model of the "Commission des Finances du Mexique à Paris," to receive the sums remitted by the Financial Agent of the Paris House, and to distribute to the different parties interested, the French Government naming one member, the Paris Banking House another, and the Tunis Government another. The Commission also to report to the High Contracting Parties the existing state of the public debt, how and when contracted, and on what terms they advise their absorption. Further, to report upon all outstanding claims of or against the Government of Tunis.

(c.) The preliminary report of the Minister of Finance or Financial Agent appointed by the contractors of the loan, to be addressed to the Commission in Paris, and to be by them forwarded as soon as possible, with their remarks upon it, to the signatory Powers mentioned hereafter, through their Representatives in Paris, and to the contractors of the loan, or their nominees.

(d.) Pending the confirmation of his recommendations by the Powers, and by the nominees of the contractors of the loan,—the latter in case of difference having the casting vote,—the new Minister of Finance to have power to abolish any tax which he finds does not pay the expense of its collection, and to be invested with any other similar and limited powers which the High Contracting Parties may deem advisable.

8. The Convention being made between H. and B., the contractors for the loan, the Government of Tunis, and the Governments of France, England, Prussia, and Italy, the consideration to H. and B. for the intervention which they propose on behalf of the French bondholders and of the general interests of the other High Contracting Parties, beyond their mere action as money-lenders, is to be—

1. (1.) His Highness the Bey to undertake to disband the whole of his army not absolutely required for the purposes of police, &c.

(2.) And also to put out of commission the whole of his navy not absolutely required for the duties of a coast-guard.

(3.) To confer the right of holding real estate, whether in land or houses, upon foreigners of all nations and all religions.

(4.) To confirm the toleration of all religions.

(5.) To abolish torture and mutilation, and to limit the infliction of corporal punishment to certain specified crimes, and to a given number of blows or lashes.

(6.) To abolish slavery within a specified number of years, and to confer such civil rights as may be practicable upon the slaves at present existing.

7. To establish freedom of the press to such an extent as the Contracting Parties may deem practicable.

(8.) To admit the people to such an amount of representation in the Government, and the power of voting on the expenditure, as the Contracting Parties may deem practicable, in view of the condition and circumstances of the country.

1. The Governments of France, England, Prussia, and Italy, to guarantee during the period of this Convention the neutrality and independent autonomy of the State of Tunis, and more particularly in view of the disbandment of the army of the Bey, and reduction of his fleet, to guarantee his independence of the Sultan.

5. The foreign debts to be paid off in about seventeen and a-half years, as may hereafter be determined, and this Convention to cease at the expiration of that time.

No. 129

Lord Lyons to Lord Stanley.—(Received July 18.)

(No. 647)

My Lord,

Paris, July 17, 1868

MR. WOOD reports in his despatch to your Lordship No. 35 of the 4th instant, that the Bey of Tunis has sent General Khairouddin and General Bakouch on a special mission to Paris. I had some conversation on the subject with the Marquis de Moustier yesterday.

His Excellency said that he had really thought it necessary to let the Bey of Tunis know that this plan of constantly sending agents to Paris was very inconvenient. There were, he added, so many of them that he really did not know to which of them he should listen.

I observed to M. de Moustier that I understood that General Bakouch was sent rather to treat financial matters with bankers and capitalists than political affairs with the French Government.

M. de Moustier said that if General Bakouch confined himself to treating matters of account with Messrs. Erlanger and others with whom the Bey had had dealings, he did not know that he had any reason to object. But he should most decidedly object to the Bey's incurring any fresh liabilities in the present state of affairs. He should distinctly refuse to sanction either the execution of the contract for the conversion of the loans, which was already signed, or any other plan for raising money, until the Financial Commission, about which we had been so long in communication, was established. He had been lately so much taken up with parliamentary business that he had not been able to proceed with the negotiation respecting this Commission. He hoped, however, to be able to resume it in a few days.

M. de Moustier said that the interests of the shareholders in the Tunisian loans appeared to have been very much neglected by Messrs. Erlanger and the contractors, and he had consequently been himself obliged to call upon the Bey to state in what way he proposed to give effect to his engagements to assign special revenues as

security for these loans. This was a matter quite distinct from the question of the pledges which the Bey might have subsequently given to other foreign creditors. It might perhaps have been more consistent with scrupulous good faith to have abstained from giving those pledges, but this was a question which it was not necessary to discuss. The representation he had made respecting the revenues assigned to the so-called French loans was, moreover, M. de Moustier said, quite distinct from the negotiation respecting the Commission.

I have, &c.
(Signed) LYONS.

No. 130

Mr. Wood to Lord Stanley.—(Received July 20.)

(No. 36.)

My Lord,

Tunis, July 11, 1868.

WITH reference to my preceding reports on the subject of the debts of the Princes and the arrangements that were effected last year, with the co-operation of Her Majesty's Consul-General, for the payment of about 3,000,000 francs, in full satisfaction of the 7,000,000 claimed by their foreign creditors, inclusive of a considerable amount of compound interest, and which sum the Prime Minister had engaged to pay from his private resources, I have now the honour to state that, after conferring with my Italian and French colleagues, we have severally reminded his Excellency that the time had come when he could no longer postpone with propriety the fulfilment of his personal engagements towards the foreign creditors of the Bey's brothers.

In compliance, therefore, with our representations, the Prime Minister has paid an instalment of 1,000,000 francs, which, together with a previous instalment, constitutes a payment of 60 per cent. upon the total amount of the claims; and the balance of 40 per cent. still due will be paid in two instalments in a period of about ten months.

This settlement has given satisfaction, and has, under existing circumstances, received the approval of the three Consulates.

I have, &c.
(Signed) RICHARD WOOD.

No. 131

Mr. Wood to Lord Stanley.—(Received July 20.)

(No. 37.)

My Lord,

Tunis, July 11, 1868.

I HAVE the honour to report, that in a private conversation with the Prime Minister, his Excellency mentioned incidentally that owing to some foreigner established in London,—a M. Danthon, representing himself as a Tunisian agent, with out authority, which might cause misapprehensions, and mislead the public to enter into transactions with him that might result in embarrassment, the Bey has desired Mr. John Fleming, banker, to be his agent for monetary matters, and to receive and advise any Tunisian officer whom his Highness may have occasion to send to London on private business, or with reference to financial affairs.

As the subject was mentioned incidentally in the course of private conversation, I deemed it advisable to refrain from taking any notice of it.

I believe that the Bey has similar agents in Paris and Florence for the same objects.

I have, &c.
(Signed) RICHARD WOOD.

No. 132

Lord Stanley to Mr. Wood.

(No. 10.)

Sir,

Foreign Office, July 20, 1868.

I TRANSMIT, for your information, the accompanying copy of a despatch from Lord Lyons,* reporting a conversation which he had with the Marquis de Moustier in

* No. 129.

regard to the mission to Paris of General Khairaddin and General Bakouah, as referred to in your despatch No. 85 of the 4th instant; and I have to call your attention to that part of Lord Lyons' despatch which relates to the representations which appear to have been made to the Bey in regard to the revenues assigned to the so-called French loans, and to instruct you to furnish me with any observations you may have to offer thereupon.

I am, &c.
(Signed) STANLEY.

No. 133.

Lord Lyons to Lord Stanley.—(Received July 25.)

(No. 659.)

My Lord,

Paris, July 24, 1868

I HAVE the honour to transmit to your Lordship a letter dated yesterday, which I have just received from Mr. Hope, who states that he has signed an agreement with General Khairaddin for settling the affairs of Tunisia. He adds, that General Khairaddin obtained the verbal assent of the Marquis de Moustier to the proposed arrangements.

I have had no communication with Mr. Hope or with General Khairaddin, nor does Mr. Hope's letter contain any information as to the nature of the arrangement he has concluded, and to which he says the assent of M. de Moustier has been given.

In my despatch No. 647 of the 17th instant, I reported to your Lordship a conversation I had had with the Marquis de Moustier, in which the subject of General Khairaddin's mission was mentioned.

I have had no other communication with M. de Moustier on the subject.

I have, &c.
(Signed) LYONS

Inclosure in No. 133.

Mr. Hope to Lord Lyons.

My Lord,

Hotel Westminster, Paris, July 23, 1868

At the request of the Government of Tunis, I addressed a letter to Lord Stanley on the 14th instant, explaining generally in what way I became connected with the Government of the Bey, and in what manner I proposed to assist the Government in their present difficulties, and I asked for an interview in order that I might explain to his Lordship the details of the arrangement which I proposed and learn his views on the subject. His Lordship was good enough to receive me on Friday last, the 17th instant, but, while generally approving my proposals, he was doubtful as to their practicality, and as to the prudence of England taking part in the International Convention which I contemplated as one of the surest means of extricating the Bey from his present critical position.

Such an action on the part of the Government of Great Britain would, no doubt, be a breach of the principle of non-intervention, but, as I understand, that principle has already been broken in the present case, and the intervention which I propose would only be defining the position of England, and placing upon a safe and permanent basis an intervention which at present excites the jealousy of France without any adequate advantage to England.

I promised Lord Stanley that I would endeavour to ascertain the views of the Opposition on the proposed intervention, which I accordingly have done. With Mr. Gladstone I had a long conversation, and he said that, so far as he could see, the action which I proposed was the best which could be followed under the circumstances. I then wrote to Lord Clarendon (who had left town) inclosing a copy of my letter to Lord Stanley, and explaining my views more fully. His Lordship was kind enough to write as follows: "Your scheme seems to me good, and the right way of setting to work for the salvation and regeneration of the country;" adding, however, that he doubted whether I could succeed in gaining the assent of the different parties interested, notably of the Bey and himself, and of the French Government, on the necessity of which latter he insisted strongly.

Last night I signed an agreement with his Excellency General Khairaddin, whom His Highness the Bey had sent here with special powers to treat with me, embodying

practically those very stipulations which Lord Clarendon doubted the Bey assenting to, and before agreeing definitively to the contract with me, General Khairaddin, in an interview of three hours with the Marquis de Moustier, obtained his verbal assent to the proposed arrangement, though given more or less unwillingly.

General Khairaddin was very anxious to have consulted your Lordship upon these negotiations, and Lord Stanley promised to write to beg your Lordship to receive him; but on further reflection the General thought that it might only create future difficulties with the French Government if it came to their knowledge that he had been in communication with your Lordship, and that, on the other hand, knowledge that the General had not seen your Lordship would render the assent of the French Government to the further proposals which will be made to them more easy to obtain. The General accordingly left a card at the Embassy this morning as a mark of respect for your Lordship, and started at 11 o'clock for Tunis, but his Excellency has charged me to apologize to your Lordship on his behalf for not having secured an interview, and to beg you to believe that he obtained solely from motives of prudence.

Now that he has extracted the verbal assent of the French Government to our agreement, and that he has left Paris, he is very anxious, however, that I should explain to your Lordship the present position of affairs. I go to-morrow to Plombières, and hope to obtain from the Emperor a more hearty approval of my agreement with the Government of Tunis than the Marquis de Moustier has given, and when I return, I will venture to solicit from your Lordship the honour of an interview.

I have, &c.
(Signed) W. HOPE.

N 131

Mr. Wood to Lord Stanley.—(Received July 26.)

(No. 39.)

My Lord,

Tunis, July 14, 1868.

I HAVE the honour to state that the Bey having informed me that the French Chargé d'Affaires had been instructed to renew his representations regarding the payment of the interest that had fallen due upon the "coupons," I waited upon his Highness, who stated that the communication of the Marquis de Moustier was in substance to the effect that, as the holders of Tunisian stock had become impatient, his Excellency could not view with indifference their energetic remonstrances, and that he consequently desired that the Tunisian Government should no longer delay to satisfy their demands, that the means for doing so had been offered by the Société Générale of Paris; and that M. de Moustier could not understand why His Highness had declined to ratify the contract that had been entered into between that Association, which offered every possible security, and General Si Rustem, and that should His Highness entertain the project of raising a loan through other parties, his Excellency would in that case, oppose by all the means at his disposal that the loan should be quoted in the Bourse of Paris.

The Prime Minister having desired M. de Botmiliau to request the Marquis de Moustier to afford a little more time to the Tunisian Government in order that General Khairaddin may arrive in France, examine and report on the various financial combinations that have been submitted by capitalists to His Highness, M. Botmiliau asked whether his Excellency would authorize him to state officially to M. de Moustier that General Khairaddin had been specially sent to Paris to contract a loan for the consolidation of the Tunisian debts.

The Prime Minister answered that he could not accede to his proposal without the previous knowledge and sanction of his master; but that he would acquaint him with it, and inform him of the result.

The Bey, who has recently acquired from sad experience what even a project put forth as the enunciation of an opinion has cost him in the way of embarrassment and humiliation, declined to entertain in any way whatsoever the proposal, and instructed Count Balfo to repeat to M. de Botmiliau that, as General Khairaddin had proceeded to Paris for his own affairs and amusement, he had consequently no official character; but that His Highness had desired him to avail himself of his visit to the French capital to confer with General Rustem and others with reference to Tunisian affairs, and to report thereon; and that consequently, until he received his report, he would not

bind himself in any way by promises, which, should he be unable to redeem hereafter, would expose him to fresh trouble. This reply was dictated by common prudence and caution. Having previously suggested that every effort should be made to remit an instalment for the payment of a portion of the interest due, and thereby avoid pressure for the hasty conclusion of a loan, I took the opportunity to renew my advice on the subject. In pointing out the desire manifested for the second time by the Marquis de Moustier that such a loan should only be contracted by the "Société Générale," I again referred to the secret conditions that were annexed to that contract, having a political significance of the utmost importance, which rendered its ratification difficult in the presence of the understanding that the Cabinets of St. James, the Tuileries, Florence, and Berlin had come to, that the Mixed Financial Commission should only be formed after they had, by a common accord, established upon what bases as well as the nature of its attributes. Upon this matter, and the questions arising out of it, I deemed it expedient to enter into some explanations with a view to show the advisability of obtaining time to mature any financial combination which might be pressed with more than usual urgency upon the Tunisian Government, ostensibly for the satisfaction of French claims, but which combination required, nevertheless, much reflection lest it should interfere with the claims and legitimate objects of other parties equally interested in every respect in Tunisian affairs.

One of the arguments employed by the French Chargé d'Affaires was, that the Financial Commission could not be established nor commence its labours without a loan, and that a loan could not be contracted for without the previous establishment of the Commission. It was perhaps in consequence of this pretended dilemma it was conceived that it could only be overcome by the "Société Générale" undertaking the loan, and at the same time deputing agents who, conjointly with the two Tunisian officers, were to constitute the Mixed Financial Commission, in favour of which the Bey was, by a separate and secret Decree, to assign all the revenues of the Regency. His Highness understood the bearing of the foregoing remarks.

I have, &c.

(Signed) RICHARD WOOD.

No. 134*.

Lord Stanley to Mr. Wood.

(No. 11.)

Sir,

Foreign Office, July 30, 1868.

I TRANSMIT, for your information, the accompanying copy of a despatch from Lord Lyons,* enclosing a copy of a communication which his Lordship has received from Mr. Hope, on the subject of an agreement for the settlement of the affairs of Tunis.

I am, &c.

(Signed) STANLEY

No. 135.

Lord Lyons to Lord Stanley.—(Received August 1.)

(No. 679.)

My Lord,

Paris, July 31, 1868.

THE Marquis de Moustier gave me yesterday an account of a long interview which he had had a few days before with General Khairiddin, who had, as your Lordship knows, been sent here by the Bey of Tunis.

General Khairiddin had, M. de Moustier said, complained that the Tunisian Government had not received from the Government of France the assistance which it had expected in settling its financial affairs. So many specific branches of revenue had been assigned as security for various loans, that really nothing was left for the Government to live upon. What the Bey desired to effect was a unification of all the Tunisian debts, which would set free the branches of revenue pledged to special creditors, and enable the resources of the State to be applied indiscriminately to the payment of all debts and the general purposes of Government. His Highness had hoped that the French Government would have given its full support to this scheme

* No. 133.

M. de Moustier told me that in answer to this he had pointed out to General Khairiddin that the matter was one in which it would be difficult for the French Government to take the initiative. Certain branches of revenue were, he had said, specifically pledged to British and Italian creditors. How could the Government of France take upon itself to propose to the British and Italian Governments to call upon their subjects to give up these pledges? Those Governments would naturally reply that this was a matter to be treated by them with the Bey, not with any third party. If, therefore, the Bey was desirous of making a fresh arrangement respecting these pledges, his proper course would be to enter into direct negotiation with the Governments by whose subjects they were held. If those Governments were willing to entertain the Bey's proposals, the Government of France might then consider to what extent it might give its support of His Highness in the negotiation.

Upon this General Khairiddin had, it appeared, told M. de Moustier that he was on the point of making an arrangement with capitalists of the highest respectability, which would provide for the unification of the debts and for the expenses of the Government.

The General had, M. de Moustier said, pressed him to give this arrangement his approval and support. M. de Moustier had, however, refused to do so and had told the General that the new project inspired him with no confidence. He had gone on to say that the French creditors were very clamorous, and that, in fact, the first thing for the Bey to do, in order to obtain the help of France, was to pay the arrears due on the loan contracted in France. Why did his Highness hesitate to act on the arrangement already signed with the "Société Générale," which, in fact, amounted to a simple plan for borrowing from the creditors themselves the means of paying the arrears due to them?

M. de Moustier added that General Khairiddin had, nevertheless, urged him to approve the proposed arrangement for the unification of the debt, but had not mentioned the names of the "highly respectable capitalists" with whom it was to be made. M. de Moustier proceeded to observe to me that he looked upon this scheme as a mere device to gain time, and said that he had told General Khairiddin that certainly he should not attempt to thwart any proper measures for the improvement of the Tunisian finances, but had at the same time desired the General to let the Bey know that the new scheme was not in any way countenanced by the French Minister for Foreign Affairs.

The interview, of which M. de Moustier gave me the above account, must be the same which is mentioned in the letter from Mr. Hope to me, of which a copy was enclosed in my despatch to your Lordship No. 659 of the 24th instant. Your Lordship will recollect that it appeared from that letter that General Khairiddin stated to Mr. Hope that he had obtained from the Marquis de Moustier a verbal assent, given more or less unwillingly to the new arrangement. On the other hand, M. de Moustier himself informed me yesterday that he disapproved the arrangement, and that he had told General Khairiddin so.

Before passing to another subject, M. de Moustier observed to me that so far from endeavouring to put an end to the practice of pledging specific branches of the revenue, the Tunisian Government was, it appeared, attempting to raise money by pledging beforehand sources of revenue, such as the olive crop, which had already been assigned as security for the French loans. The security was, indeed, very inadequate in amount—but still he could not allow it to be tampered with, and he had instructed the French Chargé d'Affaires to address a strong remonstrance to the Bey.

Referring to what M. de Moustier had said as to the Bey's acting upon the Convention signed with the "Société Générale," I observed to his Excellency that I had distinctly understood from him that this Convention was not to be put into execution until the question of the Financial Commission was settled by the Governments of Great Britain, France, Italy, and Prussia. M. de Moustier said that I was quite right; that not only would the "little veto" which he had reserved to himself prevent the execution of the Convention, but that the "Société Générale" itself made the execution of it conditional on the establishment of the Commission.

I have, &c.

(Signed) LYONS.

Lord Lyons to Lord Stanley.—(Received August 1.)

(No. 640.)

My Lord,

Paris, July 31, 1868

M. DE MOUSTIER told me yesterday that he was employed in drawing up a plan for the organization of the proposed Financial Commission at Tunis. His idea was, he said, that the Commission should be divided into two sections—one for administration, the other for control. This would admit of the "controlling" sections being composed of a sufficient number of members to enable all the interests concerned to be adequately represented, while it would avoid the inextricable confusion which would follow an attempt to conduct the actual administration of the finances by a large body composed of heterogeneous members. He thought that the Executive section should be appointed by the Bey of Tunis, and should consist of very few members—perhaps of three only. If the Bey could not find three competent persons among his own subjects, he might place a foreigner well versed in financial administration in this section.

I asked M. de Moustier some questions as to the functions and authority of the controlling section, but he said that he had not worked out the details of his plan. It might, however, he added, be well that I should submit to your Lordship's consideration the general idea of dividing the Commission into two sections.

M. de Moustier no doubt thinks it advisable that one of the three members of the administrative section should, as was originally arranged by the French with the Bey, be a French financial officer sent by the Government of France to that of Tunis.

I am, &c.
(Signed) LYONS.

No. 137

Mr. Wood to Lord Stanley.—(Received August 3.)

(No. 40.)

My Lord,

Tunis, July 22, 1868.

I HAVE had the honour to report in my preceding despatch, No. 39 of the 14th instant, that the Marquis de Moustier had instructed the French Chargé d'Affaires to renew his representations regarding the payment of the interest due upon the coupons, the holders of which, having become impatient, had again demanded the interposition of his Excellency.

Soon after these representations it came to the knowledge of M. de Botulian that the Governor of the "Balid," General Zerrouk, was forcibly and oppressively collecting, three months in anticipation of the usual period, the "kanoun" or tax upon the olive trees, which tax, however, had been given as a guarantee and is affected to the payment of the loan of 1865. In consequence of this proceeding he has formally protested, pursuant to the instructions of his Government, against the misappropriation of the tax in question, and has demanded that the amount already levied should either be reserved or remitted to Paris to the contractors of the loans.

My colleague having spoken to me on the subject, for the purpose of obtaining my co-operation in a matter that likewise concerned British interests, in as far as the abusive collection of the "kanoun" interfered with and lessened the means of the cultivators to deliver the quantity of oil against which advances had been made by merchants to the amount of several millions of piastres, I deemed it advisable to call on the Prime Minister this morning and to draw his serious attention to the injustice of forcibly levying and illegally appropriating such items of the public revenue as had been assigned for the payment of the Tunisian loans, particularly at a time when the French Government had reiterated its representations in behalf of the shareholders. I explicitly told his Excellency that the appropriation of the proceeds of the "kanoun" would be looked upon as an attempt at fraud, committed with the undisguised intention to despoil the bondholders; and that, should the French Government view it in that light, it would probably resent it with severity, especially after the disregard that had been shown to its remonstrances.

I reminded the Minister that I had on various occasions urged the prudence and policy of remitting to Paris a portion of the interest that had fallen due; but that, instead of seeing my friendly advice followed, I had now, not without much concern,

to comment upon a proceeding on the part of the Tunisian Government or its Agents which its best friends could not but consider as highly reprehensible and unjust.

His Excellency had, of course, but little to oppose to my observations, except the pecuniary necessities of the Administration, and acquiesced in the expediency of finding the means, with as little delay as possible, to meet the protest of the Emperor's Government in a manner that will give satisfaction.

He then alluded to the debate that had taken place in the French Chambers respecting Tunisian affairs; but I remarked to him that if M. Jules Favre had spoken in a conciliatory spirit with reference to this country, he had not the less laid great stress upon the right of France to administer the Custom-houses, since the duties had been assigned as a guarantee for the loans; and that should she insist upon the exercise of that right, in lieu of permitting the contractors to receive the revenues arising therefrom through their private agents, it would open the door to further pretensions involving a participation in the internal administration of the Regency.

The Italian Representative will also speak, in the above sense, to the Prime Minister in the course of the present week.

I am, &c.
(Signed) RICHARD WOOD.

No. 138

Lord Stanley to Mr. Wood

(No. 12.)

Sir,

Foreign Office, August 5, 1868

I APPROVE the language which you held to the Prime Minister of Tunis with regard to the appropriation of the "kanoun" tax, as reported in your despatch No. 40 of the 22nd instant.

I am, &c.
(Signed) STANLEY

No. 138*

Lord Stanley to Mr. Wood.

(No. 13.)

Sir,

Foreign Office, August 5, 1868

I TRANSMIT, for your information, the accompanying copy of a despatch from Lord Lyons respecting the affairs of Tunis.*

I am, &c.
(Signed) STANLEY

No. 139.

Lord Stanley to Mr. Wood.

(No. 14.)

Sir,

Foreign Office, August 5, 1868.

I TRANSMIT to you herewith a copy of a despatch from Lord Lyons respecting the plan proposed by M. de Moustier for the organization of the proposed Financial Commission at Tunis,† and I have to instruct you to report to me your opinion thereupon.

I am, &c.
(Signed) STANLEY.

Mr. Wood to Lord Stanley.—(Received August 11.)

(No. 42)

My Lord,

Tunis, August 1, 1868.

I HAVE the honour to announce the return of General Khairuddin, whose visit to Paris I had reported in my despatch No. 35 of the 4th of July.

The Prime Minister having invited me to an audience, General Khairuddin gave me, in the presence of his Excellency, an account of his communications with Mr. William Blackmore and Mr. William Hope, with reference to Tunisian finances.

These gentlemen have submitted a scheme, a copy of which I beg to enclose herewith, the main features of which appear to be—first, the unification and consolidation of the Tunisian foreign and local debts into a 7 per cent stock; secondly, the formation of a Mixed Financial Commission to receive all the revenues of the Regency, and thereby the establishment of a second Commission in Paris, under the title of 'Financial Commission of Tunis in Paris,' to be composed of only three members, namely, an Agent appointed by the Bey, another by the French Government, and a third by the Anglo-French bankers, who shall undertake this financial operation.

As this scheme, so far as I am able to understand it, comprises the very objects, although under a different form, against which Her Majesty's Government and that of Italy have been contending, I desired to be informed whether it was in contemplation to effect the unification of the debts by the compulsory arrangement of the contracts that had been entered into between the Tunisian Government and its local creditors for the conversion of their credits, or whether the unification would be voluntary and optional.

The Minister and the General replied, that the intermediaries, Messrs. Blackmore and Hope, proposed that such unification should be accomplished either through the action of the Governments of Great Britain, France, and Italy, or by a direct arrangement and understanding between the bankers and the trustees of the local conversions.

I remarked, that without presuming to anticipate the extent to which the three Governments would be disposed to intervene in the matter, in so far as a compulsory unification was concerned, yet I had no hesitation in expressing a personal opinion that the success or failure of a direct understanding between the bankers and the trustees of the conversions would mainly depend upon the reputation and respectability of the former; but General Khairuddin was unable to furnish me with the names of the bankers, upon whose position, however, as well as on the amount of capital at their command, must necessarily depend a financial combination involving 40,000,000 of francs, in the event that the mass of the conversionists should refuse to surrender their guarantees without payment in full.

The next point to which I drew special attention referred to the Tunisian Commission it was proposed to establish in Paris with an international character, since one of the three members composing it was to be a nominee and a representative of the Imperial Government. I dwelt upon the inexpediency and inconsequence of two Financial Commissions; and laid some stress upon the circumstance that should the attributes of the Mixed Financial Commission to be formed in Tunis be limited to a simple surveillance and to the receipt of the revenues of the Regency for transmission to Paris, the latter Commission could only be considered as forming a branch of the former, in which case it was to be apprehended that, in the course of time, the Commission in Paris would virtually become the real Tunisian Ministry of Finance, in the management of which a Representative of the French Government would alone take part.

To these objections it was answered that Mr. Blackmore's and Mr. Hope's object in making the proposal was to facilitate the payment of the funds received from Tunis to the holders of Tunisian stock in France; upon which I remarked that so simple a transaction could be entrusted to a bank or if need be to a private Board of agents named by the Bey, the bankers and the bankers thus sparing the susceptibilities of those whom it was intended to excite from this second and superfluous Commission, if its establishment had no other aim to serve than the one ostensibly put forward. I likewise mentioned the extra expense that a complicated but useless machinery would entail upon the Tunisian Government.

Before General Khairuddin consented to be the bearer of the scheme in question, he seemed it proper and politic to wait upon the Marquis de Moustier, to lay it before him, and to elicit his Excellency's views in respect to a financial combination which could not be carried out without the concurrent action of the French Government.

M. de Moustier was at first adverse to the plan, and gave the preference to his

own project of a loan with the Société Générale; but his Excellency finally yielded upon that point, when the General frankly stated that the Bey had refused to ratify the contract submitted to him by that Association because it contained secret clauses having a political bearing detrimental to his autonomy, and opposed to the interests of other nationalities.

The interview with M. de Moustier lasted upwards of three hours. His Excellency was naturally anxious to ascertain the position of the intermediaries, Messrs. Hope and Blackmore, and what securities they offered of their ability to successfully execute their scheme through Anglo-French capitalists, and on receiving certain assurances thereon, M. de Moustier finally dismissed General Khairuddin, saying that the Bey was at liberty to do whatever best suited his interests, provided, however, he had recourse to houses of the first standing and respectability.

To this extent, therefore, the French Minister of Foreign Affairs has given his adhesion to the projected plan for the arrangement of the embarrassed state of Tunisian finances, but as the General quitted Paris on the following morning, it remains to be seen in what sense his Excellency will instruct the French Charge d'Affaires to act in the matter, or what modifications he may feel desirous to introduce in a scheme requiring further consideration, particularly regarding some essential details.

The Prime Minister has made a similar communication to my French and Italian colleagues. The former replied that he could offer no opinion in respect to a project that appeared to him vague in its present form until he was in possession of the views of his Government, when he would submit to it his own appreciations and impressions thereon.

In the meantime, the Bey has ordered his Prime Minister, that he was prepared to accept and carry out the financial combination suggested as soon as Her Majesty's Government, in conjunction with those of France and Italy, gave their assent to the project or combined together for its sanction.

In consequence of this decision, the Prime Minister has written to request that either Mr. Blackmore or Mr. Hope should visit Tunis, furnished with the formal procuration of the Anglo-French bankers, in order to develop their views and bring the Treaty to a successful issue.

I have reason to believe that the United Provinces are repulsed with the scheme, although I am unable to state how far it has its approval and support. Locally, it has produced a certain degree of alarm amongst the Bey's creditors, which alarm might have been, and can be still, obviated by the publication of the names of the Anglo-French bankers in whose behalf Mr. Blackmore and Mr. Hope are acting as intermediaries.

I have, &c
(Signed) RICHARD WOOD.

Inclosure in No. 140

Scheme for Unification of Tunisian Debts.

LES Soussignés s'obligent envers le Gouvernement de Son Altesse le Bey de Tunis à lui présenter des maisons de banque Françaises et Anglaises honorables et solides qui se chargeront, moyennant un intérêt annuel de 7 pour cent d'échir sa dette à l'étranger et extérieur en s'entendant soit avec les Cabinets Européens ayant des intérêts dans la dette, soit directement avec ces derniers eux-mêmes. Dans le but d'assurer le succès de l'unification les intermédiaires soussignés soumettent à l'acceptation de Son Altesse le Bey les conditions suivantes :—

Article 1. Pour le service des intérêts et du rachat de la dette ou de son amortissement, Son Altesse le Bey fera verser par ses Agents, comme gage, tous les revenus de son Gouvernement dans la Caisse de la Commission Financière qui doit être formée à Tunis par l'entremise du Gouvernement Français d'accord avec les Gouvernements Anglais et Italien.

Art. 2. Les revenus seront distribués de la manière suivante par la dite Commission :—

(A.) Les sommes nécessaires pour le service des intérêts de la dette à 7 pour cent l'an.

(a.) Huit millions pour le Budget annuel du Gouvernement Tunisien.

(c.) Un million en dépôt pour les dépenses extraordinaires.

(p.) La somme nécessaire, qui sera déterminée plus tard, pour l'amortissement de la dette ou son rachat.

(a) Le surplus des revenus, après les dits prélèvements, appartiendra au Gouvernement de Son Altesse le Bey, à la condition expresse de l'employer au rachat de la dette ou à des travaux publics destinés à l'amélioration et au développement de l'agriculture et de l'industrie.

Art. 3. Afin que le Budget susdit de 8,000,000 suffise aux dépenses annuelles de son Gouvernement, Son Altesse le Bey, avec le concours de la Commission ci-dessus mentionnée, réduira ses forces militaires de terre et de mer le nombre des fonctionnaires, et toutes autres dépenses, à ce qui est nécessaire pour le maintien de l'ordre et pour la marche régulière de l'Administration.

Art. 4. Une Commission Financière sera formée à Paris sous le titre de "Commission des Finances de Tunis à Paris," qui sera composée de trois membres, dont un sera nommé par le Gouvernement Français, un par le Gouvernement de Son Altesse le Bey, et un autre par les Banquiers, pour recevoir et distribuer, pendant la période qui sera déterminée ultérieurement, les sommes envoyées par la Commission siégeant à Tunis et destinées au service des intérêts de la dette et de son amortissement ou rachat.

Art. 5. Son Altesse le Bey prendra l'engagement formel vis-à-vis des Gouvernements Français, Anglais, et Italien, de gouverner son royaume par les Lois Organiques à promulguer, et déterminant les droits et les devoirs de chaque fonctionnaire, afin d'assurer la bonne administration du pays, le développement de ses ressources, et la régularité dans la perception des impôts.

Art. 6. Lorsque l'union ou de la dette aura été opérée par les banquiers conformément aux stipulations, le Gouvernement de Son Altesse le Bey payera aux intermédiaires soussignés et aux dits banquiers chargés de l'unification, la somme de 2,250,000 francs pour leur commission, frais de publicité, et toutes autres dépenses nécessaires pour cette conversion, à l'exception de celles relatives à l'impression des titres.

Art. 7. Le présent Contrat n'est valable que pour trois mois à partir du jour de la signature du Bey ou de son délégué; et à l'expiration de ces trois mois il n'aura pas reçu son entière exécution le Gouvernement de Son Altesse le Bey aura le droit de le considérer comme nul et non avenue ou de le renouveler pour un autre période.

No. 141

Lord Lyons to Lord Stanley.—(Received August 11)

(No. 703.)

My Lord,

Paris, August 10, 1868.

I HAVE the honour to transmit to your Lordship a despatch addressed to you by Mr Wood, Her Majesty's Agent and Consul-General at Tunis, which has come to me under flying-mail. It includes a copy of a scheme for the unification of the Tunisian debts arranged by General Khairaddin with Mr. Blackmore and Mr. Hope.

Your Lordship will no doubt think it advisable to compare the account given at Tunis by General Khairaddin of the Marquis de Moustier's opinion of this scheme, with M. de Moustier's real sentiments as expressed in the conversation with me, of which a report is contained in my despatch No. 679 of the 31st ultimo.

I have, &c.
(Signed) LYONS.

No. 142.

Mr. Wood to Lord Stanley.—(Received August 23.)

(No. 48.)

My Lord,

Tunis, August 15, 1868.

I HAVE had the honour to receive on the 7th instant your Lordship's instructions No. 10 of the 20th of July, accompanying copy of a despatch from Lord Lyons, reporting a conversation which his Excellency has had with the Marquis de Moustier in regard to the Mission to Paris of General Khairaddin and General Bakoush, and your Lordship has pleased to call my attention to that part of Lord Lyons' despatch which relates to the representations that appear to have been made to the Bey in respect to the revenues assigned to the so-called French loans, and to submit my observations thereon.

In reply I beg to state that the branches of revenue assigned by contract are —
1 For the Loan of 1863, the tax levied upon each yoke of oxen, and the capitation

* No. 140.

tax. This latter impost was substituted in 1864 by the "kanoun," or tax upon each date tree, by Decree of the Bey, with the sanction of Messrs. E. Erlanger and Co.

2. For the Loan of 1865, the import duty (which is distinct from the export duty), and the "kanoun," or tax upon each olive tree in the Province of the Sahel.

The proceeds of these revenues were regularly remitted to Messrs. Erlanger and Co., through their houses in Tunis, until last year, when the Government discontinued doing so on account of three successive years of drought, which reduced it to the necessity of employing them to meet the ordinary expenses of the Administration. Up to this period, that is, from 1863 to 1865, it had already paid 20,000,000 francs in interest and amortization of the loans; and it is, therefore, at present in arrear of one year's interest alone, amounting to 8,200,000 francs.

It is in consequence of the non-remittance of this latter sum that difficulties have arisen between the French Government and the Bey; but the pledges assigned to its payment are perfectly distinct from the pledges that were subsequently given to the local conversions, some of which were specially created for that purpose.

Having had the honour to report in my despatches Nos. 89 and 40 of the 14th and 22nd of July, the representation which M. de Moustier caused to be made to the Bey, and which resulted in a formal protest against the collection and appropriation of the taxes assigned to the so-called French loans, I may be permitted to note the steps that the French Chargé d'Affaires has since taken in order to give effect to that protest.

In his interviews with the Bey, M. de Botmiliau insisted that the proceeds of the revenues in question should be either remitted to Paris through the French Legation, or reserved and deposited in the hands of trustworthy persons; and his Highness, in replying to the protest, stated that General Bogo, President of the Board of Finance, had been selected for that purpose.

It would appear, however, that that gentleman had, owing to his age and other personal motives, declined to accept the responsibility, and that in the interval General Zerrouk had spent, in his double capacity of Minister of War and Governor-General of the Sahel, a portion of the taxes he had collected, but which were assigned to the payment of the loans.

Whether this incident is to be attributed to an oversight, to the pressing pecuniary necessities of the State, to bad faith, or to all the three causes together, I am unprepared to say; but I have reason to believe that M. de Botmiliau has put upon it the latter construction, and has represented it in that light to his Government.

In view of these occurrences, and in the hope of anticipating fresh difficulties and remonstrances on the part of the Imperial Government, I deemed it useful to have some private conversation with the Prime Minister, with the Minister of Finance, as well as the director of the house of Messrs. Erlanger and Co., with the object of making a satisfactory and a definitive arrangement for the future regular collection and remittance to Paris of those items of the revenue that have been given as pledges to the so-called French loans.

To accomplish so desirable an object it is proposed

1st That the Bey shall appoint by Decree one of the most prominent Tunisian functionaries to receive the amount of the pledges, and to pay them over to the house of Messrs. Erlanger and Co. in Tunis.

2ndly. That the Bey shall by Decree, directed to the Governors, order that the amount of the pledges specified in the body of the Decree shall be regularly remitted to the functionary named to receive it, and that the Governors shall be made personally responsible for any deficit that may occur in the receipts.

3rdly. That the Customs duties of Tunis shall be paid over weekly, and the Customs duties in the seaport towns monthly, to the said functionary. And,

4thly. That a body of irregular horsemen shall be placed at the disposal of the functionary for this service.

The documents regarding this arrangement are being prepared, and in the event that no unforeseen difficulties should arise to prevent its execution, it will remove one of the causes of complaint of the French Government against the Bey. Copies of them, with extracts from the registers of the public revenue, will be also given to the contractors of the loans.

I shall do myself the honour to acquaint your Lordship with the result by the earliest opportunity.

I have, &c.
(Signed) RICHARD WOOD.

Mr. Herries to Lord Stanley.—(Received August 24.)

(No. 8.)

My Lord,

Florence, August 17, 1868.

WHEN I last saw Count Menabrea he observed that he was not aware of any progress having been made towards the settlement of the question of the Tunisian finances, and he expressed some uneasiness at the delay that had occurred in completing the contemplated arrangements.

In a conversation which I subsequently had with M. Barbolani, he remarked that the assurances given by the French Government had not apparently been followed by any efforts on their part to bring the affair to a satisfactory conclusion, and that this prolonged state of uncertainty was beginning to excite apprehensions among the Italian creditors of the Bey.

He alluded, at the same time, to General Khairaddin's negotiations at Paris; and I inferred from his language that the Italian looked upon them with some suspicion.

I have, &c.

(Signed)

EDWARD HERRIES.

Mr. Wood to Lord Stanley.—(Received August 31.)

(No. 47)

My Lord,

Tunis, August 19, 1868.

I HAVE had the honour to receive your Lordship's instruction No. 11 of the 30th July, accompanying, for my information, a copy of a despatch from Lord Lyons, including a copy of a communication which his Excellency has received from Mr Hope relative to a projected scheme for the arrangement of Tunisian affairs; and, in reply, I venture to state that the Bey has this day signed the scheme or Convention in question, a copy of which, with the amended Articles, I beg to inclose herewith.

The amendment of Articles I, IV, and V, but particularly of Article IV, was rendered necessary for the obvious reasons I have had the honour to submit in my Report No. 42 of the 1st of August. The modifications made in the wording of the two other Articles, viz., I and V, are intended to preclude, as much as possible, the attainment of prospective objects beyond the mere arrangement of financial matters. This precaution was indicated by the apparent similarity between the conditions laid down by Mr. Hope, and the pretensions and demands that were recently put forth by other interested parties, it being uncertain whether this similarity is accidental, or the effect of a previous concert between them and that gentleman; but under all circumstances, as Mr. Hope engages to obtain the adhesion of the Cabinets of St. James, of the Tuileries, and of Florence to his Convention within three months of its date, the signature of the Bey is thus rendered conditional, depending upon the acceptance or rejection of the proposed arrangements by the three Governments, in their amended form.

It does not appear that the French Chargé d'Affaires has received any instructions to lead to the belief that the Marquis de Moustier had withdrawn the verbal assent he had given to these arrangements when General Khairaddin submitted them, also verbally, to his Excellency on the 22nd of July, or six days after the conversation that had taken place between him and Lord Lyons, in which M. de Moustier said that he would refuse to sanction either the execution of the contract for the conversion of the loans already signed, or any other plan for raising money, until the Mixed Financial Commission was established.

But whilst Mr Hope has assumed the task of procuring the consent of the French Government, I dare venture, with respect, to suggest that advantage should be taken of the occasion to force upon the Bey the adoption of radical and serious reforms in the administration of the country, without which there is little hope of any permanent arrangement of Tunisian affairs. I deem it almost superfluous to refer to the views of the Italian Government relative to this scheme, as I have reason to believe that General Menabrea is not only acquainted with it, but is permitting the negotiation to proceed, notwithstanding that the unification of the Tunisian debts involves the surrender of the pledges that have been given to the local conversions hitherto supported by his Excellency as well as other considerations, unless indeed the bankers and capitalists who will undertake the operation are prepared to redeem them by the

reimbursement in full of the sums that were converted in good faith. The names of Messrs. Gouschen and Co., Baring Brothers, Robinson and Fleming, and the London and County Bank, have been casually mentioned to me; but at this distance I am naturally unable to ascertain whether houses whose high standing and reputation offer so undoubted a guarantee are directly connected with Mr Hope's scheme.

I have, &c.

(Signed)

RICHARD WOOD.

Inclosure in No. 144.

Amended Articles.

Original Convention of Mr. Hope for the Unification of Tunisian Debt.

LES Soussignés s'obligent envers le Gouvernement de Son Altesse le Bey de Tunis à lui présenter des maisons de banque Françaises et Anglaises honorables et solides qui se chargeront, moyennant un intérêt annuel de sept pour cent, d'unifier sa dette intérieure et extérieure en s'entendant soit avec les Cabinets Européens ayant des sujets intéressés dans la dette, soit directement avec ces derniers eux-mêmes. Dans le but d'assurer le succès de l'unification les intermédiaires soussignés soumettent à l'acceptation de Son Altesse le Bey les conditions suivantes. —

ARTICLE I

In order to the payment of the amount yearly due for the amortization of the capital by way of "tirage" or purchase, and with a view to create confidence in the holders of the bonds, we shall order all the functionaries of our Government to pay over, through the Ministry of Finance of our Government, all the public revenues into the chest of the Financial Commission to be established in our capital as soon as the Governments of France, Great Britain, and Italy shall come to an understanding in regard to its organization.

Pour le service des intérêts et du rachat de la dette ou de son amortissement Son Altesse le Bey fera verser par ses agents, comme gage, tous les revenus de son Gouvernement dans la caisse de la Commission Financière qui doit être formée à Tunis par l'entremise du Gouvernement Français d'accord avec les Gouvernements Anglais et Italien.

ARTICLE II

Les revenus seront distribués de la manière suivante par dite Commission : —

a. Les sommes nécessaires pour le service des intérêts de la dette à sept pour cent l'an.

b. Huit millions pour le budget annuel du Gouvernement Tunisien.

c. Un million en dépôt pour les dépenses extraordinaires.

d. La somme nécessaire qui sera déterminée plus tard pour l'amortissement de la dette ou son rachat.

e. Le surplus des revenus, après les dits prélèvements, appartiendra au Gouvernement de Son Altesse le Bey, à la condition expresse de l'employer au rachat de la dette ou à des travaux publics destinés à l'amélioration et au développement de l'agriculture et de l'industrie.

ARTICLE III

Afin que le budget susdit de 8,000,000 suffise aux dépenses annuelles de son

Amended Articles.

Original Convention of Mr. Hope for the
Unification of Tunisian Debt.

Gouvernement, Son Altesse le Bey, avec le concours de la Commission ci-dessus mentionnée, réduira ses forces militaires de terre et de mer, le nombre des fonctionnaires, et toutes autres dépenses, à ce qui est nécessaire pour le maintien de l'ordre et pour la marche régulière de l'administration.

ARTICLE IV.

There shall be formed in Paris a Board of Finance composed of three individuals, namely, an Agent named by the Tunisian Ministry of Finance, an Agent on the part of the bankers, and a third on that of the bondholders; and its functions shall be to receive the sums remitted by the Financial Commission of Tunis for distribution to whomsoever it may appertain.

Une Commission Financière sera formée à Paris sous le titre de "Commission des Finances de Tunis à Paris," qui sera composée de trois membres, dont un sera nommé par le Gouvernement Français, un par le Gouvernement de Son Altesse le Bey, et un autre par les banquiers, pour recevoir et distribuer, pendant la période qui sera déterminée ultérieurement, les sommes envoyées par la Commission siégeant à Tunis et destinées au service des intérêts de la dette et de son amortissement ou rachat.

ARTICLE V

We give our assurance to the European Governments that we will govern our country according to laws which we shall promulgate, declaratory of the rights and duties of every one, in order to facilitate a good administration and the collection of the revenues in proportion to the means of the inhabitants.

Son Altesse le Bey prendra l'engagement formel vis-à-vis des Gouvernements Français, Anglais, et Italien de gouverner son Royaume par des lois organiques à promulguer, qui détermineront les droits et les devoirs de chaque fonctionnaire, afin d'assurer la bonne administration du pays, le développement de ses ressources, et la régularité dans la perception des impôts.

ARTICLE VI.

Lorsque l'unification de la dette aura été opérée par les banquiers conformément aux stipulations, le Gouvernement de Son Altesse le Bey payera aux intermédiaires sous-signés et aux dits banquiers chargés de l'unification la somme de 8,250,000 francs pour leur commission, frais de publicité, et toutes autres dépenses nécessaires pour cette conversion à l'exception de celles relatives à l'impression des titres.

ARTICLE VII

Le présent contrat n'est valable que pour trois mois à partir du jour de la signature du Bey ou de son délégué. Si à l'expiration de ces trois mois il n'aura pas reçu son entière exécution, le Gouvernement de Son Altesse le Bey aura le droit de le considérer comme nul et non avenu ou de le renouveler pour une autre période.

Written at the Palace of the Goletta,
1st of Gemady-el-Ewel, 1285.
Corresponding to 19th of August,
1868.

(Follows the Bey's seal and signature.)

Mr. Wood to Lord Stanley.—(Received August 31.)

(No. 48.)

My Lord,

Tunis, August 22, 1868

IN continuation of my despatch No. 46 of the 15th of August, in reply to your Lordship's instruction No 10 of the 29th of July, accompanying copy of a despatch from Lord Lyons, reporting a conversation which his Excellency had had with the Marquis de Moustier with reference, amongst other matters, to the representations which his Excellency had caused to be made to the Bey in regard to the sources of revenue assigned to the so-called French loans, I have now the honour to state that the arrangements which I had ventured to announce in my Report have been carried out.

I beg to inclose a translation of a Minute which was given to me in a confidential form by the Minister of Finance, of the various Decrees that have been issued by the Bey for the regular and efficient collection and transmission to Paris of the different items of revenue which were given as guarantees to the so-called French loans, and which arrangements have been accepted by the representative of Messrs. Franger and Co. in Tunis.

The appointment, at my suggestion, of Si Mohamed, Minister of Marine, with a sufficient civil and military staff for this special service, is a further security that henceforward the pledges assigned to these loans will be faithfully realized and punctually paid over to Messrs. Franger's agent for the benefit of the holders of Tunisian stock in Paris. The Minister of Marine is a functionary of great intelligence, and of the highest integrity, enjoying the confidence of all parties.

It is sincerely to be hoped, therefore, that the Marquis de Moustier will be satisfied with these arrangements, and that his Excellency will be pleased, at any rate, to give them a favourable trial. I have, besides, already recommended to the Tunisian Government to make an immediate remittance of 400,000 francs as an instalment towards the payment of the interest due upon the coupons; but I regret to say that notwithstanding its strenuous efforts, to my knowledge, to give this satisfaction to the French Government for its past shortcomings, it has not yet succeeded in raising amongst the merchants the above amount, nevertheless, it has not relinquished its hope of ultimate success, by making some further sacrifices for the accomplishment of so desirable an object under existing circumstances.

Although I shall do myself the honour to acknowledge the receipt of your Lordship's despatch No. 13 of the 5th of August, which has just reached me, accompanying copy of a despatch (No. 679) from Lord Lyons, reporting the account which the Marquis de Moustier had given to his Lordship of the long interview which his Excellency had had with General Khairuddin on Tunisian affairs, yet I may be permitted to state, in the interval, that some misapprehension exists with regard to the alleged attempt of the Tunisian Government to pledge the olive crop, which, it is supposed, had already been assigned as a security to the French loans. The olive crop, being almost exclusively the private property of individuals, was never alienated; but the "kanoun" or tax upon the olive trees, that was given as a pledge, has been tampered with lately, though the new arrangements made will prevent any undue interference with it in future.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure in No. 145.

Minute of the Decrees issued by the Bey for the more effectual Collection and Remittance of the branches of Revenue assigned to the Payment of the so called French Loans.

(Translation.)

IN the present month, our Lord and Master the Bey has deemed it necessary that one of the principal functionaries of his Government should be selected to receive the revenue of the tax upon the date trees, and the tax in money (not the tithes on produce) on each yoke of oxen, which imposts have been given as guarantees for the loan of 1863, and to receive likewise the tax upon the olive trees that was fixed anterior to the year 1284 (1867), as well as the import duties which were assigned to the loan of 1865.

All the sums collected shall be paid over to the agent of the house of Messrs. Erlanger and Co., which has contracted with this Government the two aforesaid loans, according to the provisions of which the foregoing revenues have been assigned as pledges.

Instructions have been issued in consequence to the Minister of Finance not to expend anything whatever arising out of these items of revenue; and orders were given to the Governors to the effect, that should any one of them spend any part thereof, he shall be made responsible, and shall make good the deficit.

It has also been directed by His Highness that an agha (officer) shall be specially named, having under him a sufficient number of troopers to assist in collecting the taxes from the reluctant taxpayers, and to be quartered upon such collectors and taxpayers as may not be punctual in the payment of the taxes ("kanoun") upon the trees as well as upon the yokes of oxen.

Mr. Rein, the representative of the house of Messrs. Erlanger and Co., having first come to an understanding as to what precedes, has informed his principals of the orders that have been issued thereupon by His Highness; and he and his house have given their assent to them.

On the 25th of the present month, His Highness the Bey has selected his Excellency, General Mohamed, Minister of Marine, for this special service, to whom a special decree has been addressed, empowering him to carry out this service for the attainment of the objects proposed; and a clerk, as well as a chief cashier, and an interpreter, have been likewise named for the aforesaid special service.

His Highness has named the agha, Commander of the Militia of the Province of the Sahel, to compel by force such of the Governors and subjects as are not punctual in the payment of what they owe; and he has, moreover, received particular instructions relative thereto; and His Highness the Bey has also appointed for this service a sufficient number of officers and Irregular Horse to assist him.

His Highness has issued instructions to the Minister of Finance not to appropriate any of the aforesaid revenues, and to order the Governors and agents to exert themselves for their recovery, prohibiting them from touching any part thereof, and holding them personally responsible.

On the 26th of the present month, the Minister of Marine, the Minister of Finance, and Mr. Rein, have met at the Ministry of Marine, and the Minister of Finance fully explained to Mr. Rein, in the presence of the Minister of Marine, the orders that have been issued, and has, moreover, explained to him that whenever the house of Messrs. Erlanger and Co. shall receive from the Minister of Marine a sum of money, he (Mr. Rein) must give a receipt, clearly specifying that it is on account of the "coupons" of the two loans, in order that no dispute should arise that the money so received is on account of other transactions. The Ministry has issued all the necessary documents for the execution of the above Decrees.

29 Rabi Zay, 1285.

No. 122.

Lord Lyons to Lord Stanley.—(Received September 5.)

(No. 764.)

My Lord,

Paris, September 4, 1868.

I HAD yesterday some conversation with the Marquis de Moustier on the affairs of Tunis.

His Excellency said that so far as the special claims of France were concerned, he had very serious cause of complaint. Indeed, but for considerations of more importance than the settlement of these claims, he should have been disposed to send a squadron of ships of war to bring the Bey to reason. The special guarantee for the French loans was the olive crop ("la récolte des olives"). This was wholly inadequate, but nevertheless the Tunisian Government could not be made to respect it. That Government had not only taken possession of it, and used it for its own purposes this year, but had even offered it for sale for future years.

I observed to M. de Moustier that Her Majesty's Agent in Tunis had reported to your Lordship that the Bey had issued Decrees for the regular collection and transmission to France of the branches of revenue assigned as security to the French bondholders, and especially of the olive crop, or (to speak more correctly) the tax upon olive trees.

M. de Moustier did not seem to have any distinct knowledge of the existence of

these Decrees; at all events he merely said that the Bey was constantly putting the French off with promises which were not kept.

I mentioned also to M. de Moustier the Convention for the unification of the Tunisian debt, which Mr. Wood reports in his despatch to your Lordship No. 47 of the 19th ultimo, to have been signed by the Bey on that day.

M. de Moustier observed that the execution of any arrangements of such a nature must be contingent upon the settlement to be made of the question of the Financial Commission. He should (he said) resume the discussion of this question as soon as your Lordship and the Prince de la Tour d'Auvergne returned to London. He thought that it would be easy to make a satisfactory arrangement, if his plan for dividing the Commission into two sections, one for administration and the other for control, were approved by Her Majesty's Government.

I have, &c.
(Signed) LYONS

No. 147

Mr. Wood to Lord Stanley.—(Received September 6.)

(No. 49.)

My Lord,

Tunis, August 20, 1868.

I HAVE the honour to acknowledge the receipt of your Lordship's instructions No. 14 of the 5th of August, accompanying copy of a despatch from Lord Lyons, respecting the plan proposed by M. de Moustier for the organization of the projected Financial Commission at Tunis, and directing me to report my opinion thereon.

The plan as suggested by his Excellency appears to consist in dividing the Financial Commission into two sections, namely, one for administration, and the other for control, on the ground that this division would admit of the controlling section being composed of a sufficient number of members to enable all the interests concerned to be adequately represented, whilst it would avoid the inextricable confusion which would follow an attempt to conduct the actual administration of the Finance by a large body composed of heterogeneous members. But if the Executive Section be composed of very few members; perhaps of three only, appointed by the Bey, and in the event that His Highness could not find three competent persons amongst his subjects, he might place a foreigner well versed in financial administration in this section.

In the absence of the necessary details for carrying out the general idea of dividing the Commission into two sections, I may be permitted to submit an opinion thereon, based upon certain suppositions, which I must take for granted must enter into the Marquis de Moustier's plan.

Foremost, it must be laid down as an indisputable condition, that the organization of the Commission should be so framed as not to give rise to susceptibilities and religious prejudices, that is, that the Christian or European element in it, whilst it should, by its superior intelligence, experience, and advice, in reality control the Mussulman element, should not have the appearance of exercising direct authority over it, otherwise the latter will inevitably react the former from a sentiment of religious enthusiasm unknown in Europe, and which no persuasion or menace will be able to overcome.

To avoid, therefore, this contingency and the conflict that would arise, the Executive Section, composed of three Tunisian subjects, and the Controlling Section, composed for the most part of foreigners, must act in concert and in harmony. This can be best effected by the two sections deliberating in common, leaving to the Executive Section to carry out their joint deliberations, whilst the Controlling section will watch over their faithful execution. In this manner, every motive for dispute and dissension between the two sections will be obviated at the same time that they will act in perfect unison.

In the supposition that the Bey will have the faculty to name the President as well as two members in the Commission, they would constitute the Executive Section, in accordance with the suggestion of the Marquis de Moustier, that the members, being subjects of the Bey, should be limited to three, holding their appointments from His Highness.

The idea, however, that in the event the Bey could not find three competent persons among his own subjects, he might place a foreigner well versed in financial administration, should be eliminated altogether for many obvious reasons. Were it left optional, two inconveniences would probably arise, namely, the employment, first, of external pressure to induce His Highness to admit a foreigner, and afterwards a conflict between the various foreign influences in respect to his nomination.

But there is no need to make a similar provision in the organization of the Commission, inasmuch as there exists amongst the highest Tunisian functionaries, persons whose intelligence, local knowledge, and well-established reputation for integrity, render them perfectly eligible to be members of the Executive Section. I beg to subjoin a list of them, with the observation, that any three of them would act with honest zeal and independence, if energetically countenanced and supported by the Controlling Section against the possible machinations of their own Government.

As M. de Moustier appears to apprehend inextricable confusion from any attempt to conduct the actual administration of the finances by a large body composed of heterogeneous members, I may be permitted to suggest, that the confusion, justly apprehended, can be avoided by a reduction in the number of members composing that body.

In my humble opinion, four members, namely, an English, French, Italian, and Prussian, would be sufficient for all useful purposes to adequately represent all the interests concerned. The Controlling Section thus composed, and deliberating conjointly with the Executive Section of three Tunisian subjects, would give seven members to the Financial Commission, which reduced and simplified in this manner, would form a compact working body. Should objections be raised, however, to its composition being limited to seven, two more members might be added, one to represent the Tunisian foreign loans, and the other the interior or local converted loans.

The necessity for increasing the number of members beyond seven, or at the utmost nine, ceases to exist when it be taken into consideration that the revenues of the whole Agency are far less in amount than the capitals of numerous ordinary commercial banks in Europe, and which are generally managed by a single gentleman as a director.

The usefulness, therefore, of the proposed Financial Commission, resting as it does not upon the number of its members, but upon its attributes and the functions it will have to perform, an outline of the causes that have led to the present embarrassed state of Tunisian finances, may serve to show what it will be called upon to prevent in future. This state originated first in malversation; secondly, in the disbursement of large sums for the execution of contracts, which ultimately involved outlays far beyond the expenditure originally contemplated; thirdly, in the total absence of a system since 1861, for the collection of the public revenue; fourthly, in the improvident expenditure for the maintenance of an arsenal, and a numerous staff of employés; and, fifthly, and principally, in the adoption of the suggestion to raise loans to improve the finances, but in which the Tunisian Government, owing to its total lack of knowledge concerning such matters, was scarcely allowed to derive any pecuniary relief from them, whilst it was saddled with large annuities. Hence the chief causes of the present financial collapse.

The objects, therefore, to be attained by the proposed Commission, are more of a prospective than of a retroactive character, as it will have to prevent a recurrence of some of the causes enumerated above. On the other hand, with a view to avoid the necessity of undue interference with the Bey's autonomy, the Government with whose sanction the Commission will be organized must require, previous to its establishment as an indispensable condition, such radical changes in the administration of the country as will ensure the regular collection of the taxes, the prevention of future malversation, the removal of oppressive abuses committed by the subordinates, amounting to spoliation, and as will give entire security to life and property. This latter provision should be enforced under all circumstances on the plea that in the absence of public security, no rapid development of the resources of the country can possibly take place.

Upon the introduction of these radical reforms and improvements will exclusively depend, first, the success of the labours of the Financial Commission for extricating the Bey from his actual embarrassments; and, secondly, the degree of support it might expect to derive in the performance of its duties. I am so impressed with this conviction from anxious and sad experience, that I may venture to state, with the utmost deference, that without such and similar changes, no Financial Commission can serve any useful purpose; on the contrary, it will encounter at every step insincerity and bad faith, creating conflicts between it and the local Government, that will eventually require the interposition of the friendly Powers.

I beg to apologise for having entered into the foregoing details, but the subject is one of importance and interest involving local considerations, religious prejudices, and various other matters and feelings which, being peculiar to Mahometan countries and institutions, it is my duty to submit to your Lordship's appreciation, in as far as they form the ground upon which is based the opinion which your Lordship has

done me the honour to permit me to offer upon a question not unconnected with the future political and material status of the Regency and of its Ruler.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure in No. 147

List of Tunisian Subjects eligible to be Members of proposed Commission.

General Khairuddin, ex-Minister of Marine, and ex-President of Great Council
General Mohamed, Minister of Marine
Seid El-Ezz Abou Atour, Minister of Finance
Seid Ahmed Ben Dyauf, ex-Minister
Count Rafta, Aide-de-camp, and Chief Interpreter to the Bey
General Sevan, Civ. Governor of Tunis
Seid Mohamed, Director of the Mint
Colonel Seid Aly Moraly, Director of Customs
Seid Ardy Zerrouk, President of Municipal Council
Seid Mohamed Boukhris, Chief Secretary to Government

No. 148.

Mr. Wood to Lord Stanley.—(Received September 20.)

No. 51)

My Lord,

Tunis, September 12, 1868

IN continuation of the correspondence relative to Mr. Hope's Convention with the Tunisian Government for the unification of the Tunisian debts, I have the honour to state that, owing to some misconception regarding that gentleman's power to treat, the negotiation has been carried on with two Parties at the same time, in consequence of which some embarrassment has accrued therefrom; but there is reason to believe that it will be overcome by inducing both Parties to come to an understanding.

It will be perceived Messrs. Robinson, Fleming, and Co., of London, who had been previously in communication with this Government respecting a loan, requested Mr. Hope to endeavour to interest some French capitalists in it. But not having been introduced to General Khairuddin by Dr. Baron Castelnovo, who was in Paris for the same object, Mr. Hope drew up the Convention, which I have ventured to submit to your Lordship in my despatch No. 47 of the 19th of August, and which has received the sanction of the Bey. On this circumstance becoming known, Messrs. Robinson and Fleming disavowed the act of Mr. Hope, and sent a special agent to Tunis with the draft of another contract, with authority to conclude the negotiation if still practicable.

This gentleman having arrived in Tunis whilst Baron Castelnovo was still here, they had an explanation together in the presence of the Prime Minister; and it was finally agreed that they should immediately return to Europe with letters from his Excellency to Messrs. Robinson and Fleming, and to Mr. Hope, desiring that both parties, as well as their friends, should coalesce in order to secure the success of the projected financial operation for the unification of the Tunisian debts.

As these gentlemen only quitted Tunis on the 9th instant, some time will yet elapse before intelligence can reach the Bey, as to the results of their efforts to bring about the desired understanding between the parties concerned.

Although I have had some conversation with my French colleague on the subject, yet I was unable to ascertain from him the exact view which his Government takes of the proposed arrangements. Nevertheless, as Mr. Hope stated in his letter of the 23rd of July to Lord Lyons, that it was his intention to proceed on the following day to Pionbieres in the hope of obtaining the more hearty approval of the Emperor to his agreement with the Government of Tunis, I am led to infer that ere this Mr. Hope must have communicated his views upon the result of his interview, but whether His Majesty approved or disapproved of it, I am unable to say, though if I am permitted to draw a conclusion from that gentleman's reference to his colleagues, that the Emperor has referred him to M. de Moustier for the consideration of his project.

I have, &c.
(Signed) RICHARD WOOD.

No. 140.

Mr. Wood to Lord Stanley.—(Received October 5.)

(No. 58.)

My Lord,

Tunis, September 26, 1868.

IT is not without regret I have the honour to report that, as the financial combinations to which the Tunisian Government has lately given its assent are yet in suspense, the claims of foreigners remain in abeyance, and all the efforts of the British, French, and Italian Representatives to procure instalments in payment of those claims have consequently failed; owing to which failure the complaints of their respective subjects are incessant, and give rise to expressions of much discontent and dissatisfaction, notwithstanding that they cannot but be fully aware of the hopelessness of their endeavours to obtain money from a Government which, for the present at least, scarcely possesses sufficient funds to enable it to meet the most urgent necessities of the Administration.

The position of Her Majesty's Consulate-General in respect to British claims, forming part of the floating debt is becoming daily more embarrassing. Whilst, on the one hand, like the rest of the foreign Consulates, its efforts to obtain payments have hitherto proved ineffectual, and has, like them, to submit to the clamour and vituperation of such of the claimants as pretend that the non-payment of their credits is due to the weakness and apathy of their authorities for not resorting to coercive measures, it has, on the other, to act, for obvious reasons, with much circumspection and forbearance in the presence of circumstances that might be easily turned to serve other than financial objects.

Although I would fain hope that your Lordship does not require any assurance from me that I am employing my best efforts for the protection of British interests, yet I may venture respectfully to submit that, if the protest of the French Government and its unremitting strong remonstrances have hitherto failed to procure the remittance of the proceeds of the pledges assigned to the payment of the so-called French loans, no blame can be reasonably attached to Her Majesty's Consulate-General if its representations to the Bey's Government have not been more successful than those of the Emperor's Government in respect to money matters.

I have, &c.

(Signed) RICHARD WOOD.

No. 150.

Lord Stanley to Mr. Wood.

(No. 15.)

Sir,

Foreign Office, October 6, 1868.

WITH reference to your despatch No. 53 of the 26th ultimo, reporting the failure of yourself and your colleagues to procure for your countrymen any instalment in payment of their claims upon the Tunisian Government, and the embarrassing position in which Her Majesty's Consulate-General is thereby placed, I have to state to you that as regards Her Majesty's Government, you may feel assured that they entertain no doubt but that your best efforts have been and will continue to be used to obtain justice for British creditors.

I am, &c.

(Signed) STANLEY

No. 151.

Lord Lyons to Lord Stanley.—(Received October 9.)

(No. 864.)

My Lord,

Paris, October 8, 1868.

IN answer to an observation from me on the financial affairs of Tunis, the Marquis de Moustier told me this afternoon that he was more than ever dissatisfied with the conduct of the Bey concerning French claims. He had, he said, been obliged to write in strong terms to Tunis. He had directed that the Tunisian Government should be reminded that it had pledged certain branches of revenue to French claimants; but that, notwithstanding numerous promises, it had persisted in applying

those revenues to other purposes. It had subsequently pledged portions of its revenue to other foreigners who had undertaken the conversion of its obligations. The French Government had no pretensions to interfere with this arrangement, provided the revenues so pledged were distinct from those already pledged to the French, but the French Government could not allow the pledges made to its subjects to be disregarded, nor could it allow payments to be made to other foreign claimants to the prejudice of the French. M. de Moustier went on to say that having desired these remarks to be made to the Government of Tunis, he had felt bound, in concluding, to show his teeth, or (to speak more plainly) his cannons, they being the teeth of nations. He had, however, done this in a mild way.

I observed to M. de Moustier that there did not appear to be any reason for apprehending that other foreigners were being paid to the prejudice of Frenchmen, for that the last accounts which I had seen from Tunis represented that British, French, and Italian claimants at Paris were alike clamorous in consequence of all efforts to obtain payment having proved ineffectual.

We proceeded to speak of the proposed Financial Commission, and M. de Moustier said that he had intended to mention the subject to me in order to ask me to ascertain whether Her Majesty's Government are willing that the negotiation should proceed on the basis of a division of the Commission into an Administrative and a Controlling Section—the Administrative Section to be composed of a French financier and of two Tunisians. The French financier would, M. de Moustier said, of course, cease to be an employé of the French Government, and be considered to be in the service of the Bey of Tunis. If Her Majesty's Government agreed to this basis, he should be ready to depute a member of his office to discuss the details with a member of this Embassy deputed by me, and with delegates sent by the Representatives here of the other Powers concerned.

I told M. de Moustier that I would report to your Lordship what he had said, and ask you for instructions.

The proposal now made by M. de Moustier is the same in substance as that reported in my despatch No. 680 of the 31st July last. On the present occasion, however, M. de Moustier proposed unconditionally that there should be a foreign member of the administrative section, and that this member should be a Frenchman.

Your Lordship will recollect that in a despatch marked No. 49, and dated the 26th August last, Mr. Wood made observations on M. de Moustier's former proposal, and especially on the suggestion that there should be a foreign member of the administrative section of the Commission.

I have, &c.

(Signed) LYONS

No. 152

Lord Stanley to Lord Lyons

(No. 621)

My Lord,

Foreign Office, October 13, 1868.

I HAVE received your Excellency's despatch No. 864 of the 8th instant, reporting the substance of a conversation which you have had with M. de Moustier respecting the financial affairs of Tunis; and, in reply, I have to inform you that Her Majesty's Government see no objection to the proposed division of the Financial Commission to be constituted at Tunis into two distinct bodies, one to be an "Administrative" Section, and the other a "Controlling" Section.

Her Majesty's Government reserve for further discussion the consideration of how these bodies, and especially that charged with administrative functions, shall be composed.

They would be glad to be informed on what grounds it is considered necessary that the Administrative Section above mentioned should include a foreign member.

I am, &c.

(Signed) STANLEY

No. 153.

Lord Lyons to Lord Stanley.—(Received October 19.)

No. 883.)

My Lord,

Paris, October 18, 1868.

IN execution of the instruction contained in your Lordship's despatch No. 621 of the 13th instant, I told the Marquis de Moustier this morning that Her Majesty's Government saw no objection to the proposed division of the Financial Commission to be established at Tunis into two distinct bodies; one to be an "Administrative" Section, and the other a "Controlling" Section. I added that Her Majesty's Government reserved for future discussion the question of how these bodies should be constituted, and that they would be glad of further information as to the grounds on which it was thought necessary that the Administrative Section should include a foreign member.

M. de Moustier replied that it was very much a question of confidence between the two Governments. It was plain, he said, that if the Administrative Section were left in the hands of the Tunisians, little or no real improvement in the financial administration would be effected. The French Government thought that it had at its command men of special capacity and experience in financial administration, of whom it would select one to be a member of the Administrative Section. It conceived that such a man might render invaluable service to the Tunisian Government and its creditors by placing the finances on a sound footing. He hardly thought that England or Italy could supply so readily as France could a financier specially adapted for the post. A Frenchman might also have more weight than a man of another nation, for France had a hold on Tunis by land as well as by sea; while the hold even of England was only by sea.

It was solely, M. de Moustier went on to say, on account of the superior efficiency of a Frenchman that he urged the matter. He had no "arrière pensée" of exercising a predominant influence, or appearing to take the lead in Tunisian affairs. He did not think that there need be the least apprehension that British interests could suffer. All the acts of the proposed Administrative Section would be public—would be performed in open day; there could be nothing secret, no preference of the interests of the subjects of France over those of the subjects of other Powers.

M. de Moustier proceeded to express a hope that Her Majesty's Government would feel no further hesitation in agreeing to the basis he had proposed. This being done, he would (he said) select a French financier to send to Tunis, and would depute a member of the French Foreign Office to confer on the details with members of our respective Missions to be nominated by me and by the Italian Minister. As to the Controlling Section, the principle was, he thought, clear; all the interests concerned should be represented in proportion. The delegates who were to be named by us would be selected with a view to effect practically to this principle.

I was told, M. de Moustier said, that the Prussian Embassy would probably make a claim to be represented in the proposed Conference; and I added that I presumed that when a question of selecting a French financier, he did not entertain any objection to setting the Administrative Section of the Commission on foot before the Controlling Section, or before an agreement had been come to on the whole subject of the Commission and both its sections.

M. de Moustier answered, certainly not; that the affair of the Commission was a whole and must be treated as a whole.

He added that he would beg me to point out to Her Majesty's Government the importance of despatch. He was beset, on the one hand, with remonstrances from French creditors; and, on the other hand, he heard from Tunis that the Ambassador had so serious a complaint that he could not live much longer. France had great reason to complain of this man, and would have no reason to deplore the loss of him, if there were reasons which made it desirable that the new system of financial administration should be established at Tunis before his death.

I have, &c.
(Signed) LYONS

No. 154.

Lord Stanley to Mr. Herries.

(No. 13.)

Sir,

Foreign Office, October 19, 1868

COUNT MAFFEI called upon me to-day, and communicated to me the substance of a telegram which he had received from General Menabrea to the effect that the Bey of Tunis had addressed to the Italian Consul there a very earnest petition to be protected against some anticipated proceedings of the French Government. The nature of these proceedings did not very clearly appear.

I told Count Maffei that I had received no telegram on the subject, and if the case were pressing, I doubted not but that one would be sent, meanwhile I could express no opinion upon a statement vague in itself, and resting solely on the authority of the Bey.

I added that inasmuch as the Bey had a strong interest in postponing the settlement of claims which it was not likely that his Government could meet, and inasmuch as the surest means of causing such postponement was to prevent the Powers from coming to any common understanding, I thought that he might not be desirous (to put it in the mildest terms) of seeing the lately existing differences of opinion between them put an end to; and that while any complaint he might make ought to have due attention, it ought at the same time to be considered in reference to this circumstance.

I took the opportunity of stating further to Count Maffei, that in the event of the French Government persisting in their desire to have a French financier included as one member of the "Administrative" Section of the proposed International Finance Commission, I should not oppose that proposition, subject always to the understanding that the larger or Controlling Section of the Commission should be invested with real powers of suspension and control. After hearing and reading all that had been said on the subject, I had come to the conclusion that unless we could agree among ourselves on the composition of the Commission, the whole plan might not improbably fall through, and then all the creditors and claimants, of whatever country, would equally be losers; while I could not bring myself to believe that considering the complete failure of Algeria as a colony, and the heavy expense it entailed on France, any French Government would be anxious to extend the boundaries of its African possessions. I lacked, therefore, to the financial rather than the political aspect of the question, and in my judgment it would be time enough to deal with the latter when it should appear that any real attempt had been made to interfere with the independence of the Bey's Government.

I am, &c.
(Signed) STANLEY

No. 155.

Lord Lyons to Lord Stanley.—(Received October 23.)

(No. 809.)

My Lord,

Paris, October 22, 1868

I HAVE taken opportunities of mentioning verbally to the Italian and Prussian Chargé d'Affaires the substance of the conversations which I had with the Marquis de Moustier on the 8th and 18th instant respecting the affairs of Tunis, and of which reports are contained in my despatches to your Lordship No. 864 of the 8th, and No. 883 of the 18th instant.

I have also given them to understand that in the event of the French Government persisting in their desire to have a French financier included as one of the members of the Administrative Section of the proposed International Finance Commission, your Lordship might not be indisposed to consent to it, provided the Controlling Section were invested with real powers of supervision and control. I have spoken to them in fact on this point very nearly in the terms in which your Lordship spoke to the Italian Chargé d'Affaires in London, as stated in your Lordship's despatch No. 13 of the 19th instant to Mr. Herries.

Count Puliga, the Italian Chargé d'Affaires here, told me that he had received a despatch from the Italian Agent at Tunis, stating that the Bey had been informed by the French Chargé d'Affaires that a French Financial Commissioner was to be sent to Tunis at once, and to act without regard to the laws of the country. I said to Count Puliga that this appeared to me to have a suspicious resemblance to former attempts

made by the Bey to sow distrust among the European Powers, and that at all events I had not yet heard anything about it from Her Majesty's Agent.

I mentioned the subject to M. de Moustier this afternoon. He said that the Bey had asked the French Government long ago to send a Financial Commissioner to Tunis, and that this was one of the arrangements which was held to subsist, and of which he found it necessary to remind the Bey from time to time. He had, however, not mentioned any particular time at which the Commissioner would be sent, and he had certainly no intention of sending him until he had come to an understanding with Her Majesty's Government. If he had wanted to use menaces he should have threatened the Bey, not with a Financial Commissioner, but with soldiers from Algeria, and ships from Toulon.

In answer to a question from me, M. de Moustier said distinctly that he should not send a financial officer to Tunis until he had come to an agreement with Her Majesty's Government on the pending affair of the International Financial Commission.

In conclusion, M. de Moustier told me that press of business had prevented his dispatching the instructions, he had intended to give to M. de St Ferriol, to make a communication to your Lordship on the subject of this Commission, but that he hoped to send them off to-morrow.

I answered that I was confident that your Lordship's answer would be satisfactory to him.

I have, &c.
(Signed) LYONS.

No. 156

Memorandum communicated by M. de St Ferriol, October 27, 1868.

IL semble résulter des informations parvenues à M. le Marquis de Moustier que les porteurs Anglais et Italiens de la dette intérieure de Tunis ne seraient pas égarés, aujourd'hui de chercher une combinaison qui, en associant leur cause à celle des souscripteurs de 1863 et 1865, fût de nature à garantir plus efficacement leurs intérêts. Le Gouvernement de l'Empereur croit qu'on pourrait arriver à ce résultat en opérant une répartition nouvelle des attributions qui seraient conférées aux délégués financiers appelés à prendre part aux travaux de la Commission décrétée par le Bey, le 4 Avril, 1868. D'après le projet ainsi remanié, deux Comités distincts pourraient être formés. La surveillance et le contrôle seraient constitués d'une manière indépendante de l'action proprement dite. Un Comité Exécutif, composé de deux fonctionnaires Tunisiens et de l'homme spécial en matières de finances que le Bey nous demande de placer à sa disposition, serait chargé de toute la partie administrative de la tâche dévolue à la Commission par le Décret du 4 Avril. Le Comité de Contrôle serait formé des représentants des divers intérêts Français et étrangers dans la proportion qui serait jugée convenable; il aurait pour mission de connaître de toutes les opérations du Comité Exécutif, de les vérifier, et de les approuver.

Cette combinaison, en tenant compte des objections qui ont été présentées contre le projet primitif, permettrait d'accorder une part plus large que ne le faisait celui-ci à la représentation des conversations Anglaises et Italiennes dans la surveillance des Finances Tunisiennes, et si elle obtenait l'assentiment des Cabinets de Londres et de Florence, le Gouvernement de l'Empereur serait prêt à la recommander au Gouvernement du Bey, de façon à ce que sa décision première fût modifiée dans ce sens.

No. 157

Lord Stanley to Lord Lyons.

(No. 642.)

My Lord,

Foreign Office, October 27, 1868.

I HAVE received your Excellency's despatch No. 809 of the 22nd instant, reporting the language you have held to your Prussian and Italian colleagues respecting the financial affairs of Tunis, as well as your conversation on that day with M. de Moustier, on the subject of the proposed International Financial Commission,

and I have to convey to your Excellency my approval of the language which you held on those occasions.

I am, &c.
(Signed) STANLEY.

No. 158

Lord Stanley to Lord Lyons.

(No. 645.)

My Lord,

Foreign Office, October 27, 1868.

THE French Chargé d'Affaires placed in my hands to day the paper of which I enclose a copy,* relative to the Tunisian Finance Commission.

I told M. de St Ferriol, as your Excellency is aware from my despatch to Mr. Herries No. 13 of the 19th instant, of which a copy was sent to you on the same day that I had already told the Italian Chargé d'Affaires that Her Majesty's Government would not object to the Commission being divided into two sections, one of administration, the other of control, and to a French Financial Agent being employed in the Administrative Section, if due security were taken that the Controlling Section should have real and effective power.

I am, &c.
(Signed) STANLEY.

No. 159

Mr. Wood to Lord Stanley.—(Received October 28)

(No. 55.)

My Lord,

Tunis, October 17, 1868.

I HAVE the honour to state that the Bey has informed me, in an interview, that the French Chargé d'Affaires had read to His Highness, on the 11th instant, a despatch from the Marquis de Moustier, wherein his Excellency, amongst other matters, renewed the following demands:

1st. That the guarantees which were given to the so-called French loans being insufficient, the pledges assigned to the Local Conversions should be withdrawn and amalgamated with the said guarantees, in order to apply their aggregate amount to the payment of the interest upon the whole of the Tunisian foreign and local debts;

2ndly. That the Bey should sanction the nomination of a French officer versed in financial matters to aid in the administration of those of Tunis; and

3rdly. That as General Rustem had signed a contract with the Société Générale of Paris for the unification of the Tunisian debts, His Highness was bound to accept it, the more so as the French Government would not allow any other loan to be quoted in the Exchange of Paris.

The Bey replied that being obliged to respect his own contracts, each party must retain the pledges that were given to it; that arrangements had recently been made for the due collection and remittance to France of the branches of revenue that had been given as securities to the so-called French loans; and that, should they be insufficient, his Government would correct by what means they could be increased; but that, in the interval, payments would be made so far as the actual condition of the country would permit.

That with reference to M. de Moustier's desire to send a French official to Tunis, His Highness had engaged himself, in conformity with his Excellency's proposition, towards Her Majesty's Government and that of Italy to suspend the execution of the project for the formation of a Mixed Financial Commission until the three Governments had agreed in common with regard to the modifications to be adopted for the protection of their respective legitimate interests; and that, therefore, being unable to disregard his written engagements, he would wait for the decision of the three Cabinets, and would act in accordance therewith.

And that with respect to the contract which General Rustem had signed with the Société Générale of Paris for the unification of the Tunisian debts, he (the Bey) could not concur in the opinion of M. de Moustier that he was in any way bound to accept it, unless it could be shown that the General had been entrusted with powers sufficiently ample to render unnecessary the ratification of the Convention in question.

The fact was that the Tunisian agent was simply authorized to negotiate a loan, subject to his (the Bey's) approval, but as the Société Générale had availed itself of the occasion to insert in the contract inadmissible clauses of a political character, detrimental to his Government, he had very naturally refused to ratify it.

Whilst admitting the correctness of the Bey's observations to the French Chargé d'Affaires, I replied negatively to His Highness' question as to whether I had received any instructions from your Lordship respecting the decision of the three Cabinets relative to the organization of the Mixed Commission, and I added, that being aware that the subject was still under discussion in Paris, I could not explain the object sought to be obtained by the communication which M. de Botmiliau had been instructed to make, particularly as M. de Moustier had given satisfactory assurances to your Lordship, as well as to General Menabrea that no attempt would be made to establish the proposed Commission before the three Governments had concerted together with regard to its composition and attributes. Pursuant to this understanding, a French officer could not be sent to Tunis for the purpose indicated without the previous consent of Her Majesty's Government and that of Italy.

With reference to the withdrawal of the pledges appertaining to the local conversions and their amalgamation, with the guarantees assigned to the so-called French loans, I remarked that M. de Moustier had assured Lord Lyons that he considered the question of these pledges as distinct from that relating to the special revenues that had been given as securities to the so-called French loans, and that, moreover, M. de Moustier had stated to his Lordship, in acquainting his Excellency with the substance of the conversation he had had with General Khairredin on the subject, that he had pointed out to the General that the matter was one in which it would be difficult for the French Government to take the initiative, since these pledges had been specially given to British and Italian creditors, and that consequently it appertained to the British and Italian Governments, and not to that of France, to treat the matter with the Bey.

Concerning the contract with the Société Générale for the unification of the Tunisian debts, I likewise informed the Bey that M. de Moustier had admitted to Lord Lyons that that Convention was not to be put into execution until the question of the Financial Commission was settled by the Cabinets of St. James', the Tuileries, and of Florence; and that his Excellency had even said that he had not only reserved his "little veto" to prevent its execution, but that the Société Générale itself had made the execution of it conditional on the establishment of the Commission. But at any rate, since His Highness had refused to ratify it on account of some clauses having a political bearing, which were judged inadmissible, the contract must be considered as non-existent. I could not, besides, recommend the ratification of any contract with an Association which stipulated for an indemnity of 3,000,000 francs for its trouble, whether it was successful or not in carrying out this doubtful financial operation.

After offering the foregoing explanations, I endeavoured to convince His Highness that there must exist some misapprehension with regard to the French communication, arising out of M. de Botmiliau's misconstruction of his instructions; it being impossible to admit, that the French Minister for Foreign Affairs could have renewed his former demands without previously acquainting your Lordship with his altered views and intentions, in the presence of his Excellency's formal assurances that no further attempt would be made to settle Tunisian affairs without the concurrence and co-operation of Her Majesty's Government. And I concluded by stating that agreeably to His Highness' desire, I would bring the matter to your Lordship's knowledge, but that I trusted he would continue, in the interval, to maintain his written engagements and assurances to Great Britain and Italy until I had the honour to receive your Lordship's instructions on so important a subject.

The Bey has made a similar communication to the Italian Acting Consul-General, who has transmitted it, by telegraph, to his Government.

I have, &c.
(Signed) RICHARD WOOD.

Lord Lyons to Lord Stanley.—(Received October 30.)

(No. 921.)

My Lord,

Paris, October 29, 1866.

THE Marquis de Moustier said to me this afternoon that he had received a very satisfactory despatch from M. de St. Ferriol, reporting that your Lordship had not only consented to the employment of a French Financial Agent in the administrative section of the Tunis Financial Commission, but that you were also disposed to recommend this arrangement to the Cabinets of Florence and Berlin.

I answered that your Lordship had in fact informed me that you had told M. de St. Ferriol that Her Majesty's Government would not object to the Commission being divided into two sections, one of administration and the other of control, or to a French Financial Agent being employed in the administrative section, provided that due security should be taken that the controlling section should have real and effective power. It was consequently, I said, plain that the question of the Commission must be treated as a whole, and that the composition and functions of both sections must be agreed upon before any steps could be taken to establish either.

M. de Moustier replied that this was evident, and he said that the course he would suggest would be the following, he should first obtain the consent of Italy and Prussia to the division of the Commission into two sections, and to the employment of a French financier in the administrative section; he should then propose that Representatives of the French Foreign Office, and of the English, Prussian, and Italian Missions here should meet to settle the composition and functions of the controlling section, and the other details; finally, when an agreement had thus been arrived at, he should suggest that the four Governments should recommend the arrangement thus made to the adoption of the Bey.

I then said that I thought it well to make an observation on a Memorandum which had been put into your Lordship's hand the day before yesterday by M. de St. Ferriol. This paper began by stating that, from information which had reached M. de Moustier, it would appear that the English and Italian creditors of Tunis were not indisposed to an arrangement which should combine their interests with those of the subscribers to the loans of 1843 and 1845. After all that had been said of doing away with the special guarantees held by the English and Italian creditors, and throwing all the revenues of Tunis into a common fund, I thought it well to say that I had certainly no information tending to show that the English creditors were at all disposed to consent to anything of this kind.

M. de Moustier said that neither had he the least reason to think that either the English or Italian creditors proposed to abandon their special guarantees. On the contrary, he had always maintained the principle that the guarantees already given should be respected. One of the principal complaints that he had against the Bey was that he had not set aside the olive crop ("récolte des olives") to pay the French creditors to whom it was pledged.

M. de Moustier proceeded to say that in fact the ultimatum, on which he had insisted with the Bey, comprised two points.

First, that the Bey should not contract any new debts or obligations, or pledge afresh any revenue already assigned to foreign creditors, secondly, that he should redeem his pledges to the French creditors.

With respect to the second point M. de Moustier said that he had caused the Bey to be informed that, though the olive crop might be gathered in, no part of it should be allowed to leave Tunis in the shape of oil if the French creditors were defrauded of their claim upon it.

I thought it right to obtain from M. de Moustier some explanation respecting the assertions made on the subject of French demands by the Bey to the Legation and Italian Agents at Tunis, as reported in Mr. Wood's despatch to your Lordship No. 55 of the 17th instant. I accordingly mentioned to him that it had been stated at Tunis that M. de Botmiliau, the French Agent, had called upon the Bey,—First, to withdraw the pledges assigned to what were called the local conversions, and apply the amount of them to the interest of all the debts indiscriminately; secondly, to receive at once a French Financial Agent; thirdly, to accept the Convention for the unification of the Tunisian debts signed by General Rustem with the "Société Générale" of Paris.

As to the first point, M. de Moustier affirmed that no such demand had been made. He repeated that he maintained the principle that all the pledges given to foreign creditors should be respected. "Chacun pour soi," he said; let each category of

creditors look to its own securities, let all act in common to improve the finances of Tunis, and thus increase the value of every kind of Tunisian security.

As to the second point, M. de Moustier said that he had indeed reminded the Bey of his request to the French Government to send him a financier, and pointed out that this was part of the arrangement which still subsisted, but he had never mentioned any particular time at which the financier should go to Tunis, nor (as he had so often assured me) had he the least notion of sending him, before the question of the Financial Commission was settled with the other Powers.

With regard to the Convention signed by General Rustem with the Société Générale, M. de Moustier said that it appeared to him to be very advantageous to Tunis at the present moment, though he could not affirm that it would be equally so some months hence. So far, however, had he been from pressing the Bey to give effect to it immediately, that he had positively declared that it should not be put in force until the Financial Commission was established, and the Société Générale had itself equally insisted on this point. The Tunisian Government had indeed affected to treat this Convention as if it had no existence; and upon this, M. de Moustier had declared that if the Bey did not adhere to it, he should propose a better. To reject it, without offering any satisfactory substitute for it, would, M. de Moustier conceived, be equivalent to bankruptcy.

I observed to M. de Moustier that, as we were undertaking to place the Tunisian finances under the control of a Commission, we should rather leave that Commission to decide upon the measures to be taken, than impose upon it a Convention already made, for a new loan. The terms might or might not be good; but surely the Commission should not be hampered unnecessarily. At all events, I presumed that it was not contended that on the mere announcement of the Commission's being established, the Société Générale would be empowered to throw this loan into the market.

M. de Moustier said that certainly this was not intended, but though I dwelt for some time on the subject, his Excellency did little more than repeat that the absolute rejection of the Convention would be equivalent to bankruptcy; and that he had not pressed the Bey to ratify it, but had only insisted that he should not affect to ignore it; that if he did not adhere to it, he should propose a better arrangement.

I have, &c.
(Signed) LYONS.

No. 161

Lord Lyons to Lord Stanley.—(Received October 31)

(No. 928.)
My Lord,

Paris, October 30, 1868.

THE Marquis de Moustier told me this morning that, after he had seen me yesterday, he had been informed by the Italian Chargé d'Affaires that the Cabinet of Florence was disposed to agree to his suggestions respecting the Administrative Section of the proposed Financial Commission at Tunis, but wished for further information as to his views respecting the functions and composition of the controlling section. To this M. de Moustier had (he told me) replied that he proposed that these points should be settled by delegates deputed by himself, by the Italian Minister, and by me.

I asked M. de Moustier whether he had had any communication on the subject with the Cabinet of Berlin. He said that there were no really Prussian interests of any importance at Tunis. The partners in the house of Erlanger, which had contracted for the loans, were, he believed, Prussian subjects, but the house was established in Paris, and the claims were virtually French. He had not understood that Prussia claimed to take part in the negotiation respecting the Financial Commission, or to be represented in it. He believed all she demanded was, that due provision should be made for any Prussian interests which might be concerned. He had therefore hitherto treated the question rather vaguely with Prussia, and had not thought it advisable to submit to her his proposal respecting the Administrative Section of the Commission.

I said to M. de Moustier that I thought it would be a great pity to run any risk of affronting Prussia. She was, I believed, somewhat sensitive on the subject, because some Frankfort merchants were interested, and she was anxious to show her newly acquired subjects that their interests would receive effectual protection from her. I would therefore suggest that, at all events, she should be kept informed of what was going on, and given a fair opportunity of expressing her wishes.

M. de Moustier said that the matter was certainly one of some delicacy, and that he was sincerely desirous of being agreeable to Prussia.

I believe it to be true that, unless the Erlanger claim be regarded as Prussian, the Prussian interests at Tunis are very small, and no doubt it would be simpler and easier that the question should be discussed by three Powers than by four. If, therefore, Prussia do not care to take part in the negotiations, this is not to be regretted; but it is of real importance that this comparatively trifling matter should not be allowed to produce any misunderstanding between Prussia and France.

I have, &c.
(Signed) LYONS.

No. 162

Lord Stanley to Lord Lyons.

(No. 656.)

My Lord,

Foreign Office, October 31, 1868.

I HAVE received your despatch No. 928 of the 30th instant, reporting your conversation on that day with M. de Moustier respecting the composition of the proposed Financial Commission at Tunis; and I have to approve the suggestion which your Excellency made to M. de Moustier, that the Prussian Government should, at all events, be kept informed of what is going on with regard to the proposed Commission, and have a fair opportunity of expressing their wishes.

I am, &c.
(Signed) STANLEY

No. 163.

Sir A. Paget to Lord Stanley.—(Received November 4.)

(No. 236.)

My Lord,

Florence, October 31, 1868.

IN the absence of Count Menabrea, who is still absent from Florence, but who is expected to return here on Tuesday next with the King, M. Barbolani has informed me that instructions have been sent to the Italian Minister at Paris to adhere, in principle, to M. de Moustier's plan for the settlement of the affairs of Tunis, subject, of course, he said, to an ultimate approval of the composition and powers of the controlling Commission.

M. Barbolani added that your Lordship's opinion had had much influence with the Italian Government in adopting this decision.

I have, &c.
(Signed) A. PAGET

No. 164.

Lord Lyons to Lord Stanley.—(Received November 6.)

No. 947

My Lord,

Paris, November 5, 1868.

WITH reference to my despatch No. 928 of the 30th ultimo, and to your Lordship's despatch No. 656 of the following day, I have the honour to report that I took this afternoon an opportunity of reminding the Marquis de Moustier of my suggestion that he should at all events keep the Prussian Government fully informed of what goes on respecting the Tunis Financial Commission, and should give that Government a fair opportunity of expressing its wishes on the subject.

I told M. de Moustier that your Lordship had approved this suggestion, and I dwelt afresh on the importance of being careful not to give any offence to Prussia.

M. de Moustier said that he was fully alive to the importance of dealing tenderly with Prussian susceptibility; but that he was not prepared to give Prussia a share in the negotiations respecting the Commission. If there were claims of Prussian subjects they were of a different nature from those of the subjects of France, England, and Italy. They were simply ordinary claims for simple debts, which might well be dealt with by the Prussian Consul at Tunis. On the other hand, English, French, and

Italian subjects were holders of shares in large loans, the interest on which must be a principal charge on the Tunisian revenue for many years. This gave France, England, and Italy a permanent interest in the Financial Administration of Tunis, and it was for this that the proposed Commission was to provide. It would be the duty of the Financial Commission to take into account any debts due to Prussians, or others; but it was neither advisable nor equitable that Prussia, or any other Power similarly situated, should be admitted into the Commission. If Prussia were admitted Greece, for instance, might put forward pretensions.

I said that, for my own part, I really did not think it in itself of very much consequence whether Prussia was or was not represented in the Commission; but that I certainly did consider it to be of immense importance that no cause of complaint should be given to her. I added that I would not but repeat my opinion, that she ought at least to be fully informed of all that was going on; and that we should not proceed with the negotiation until we had given her an opportunity of declaring what her sentiments were.

M de Moustier answered that he had never understood that Prussia claimed a share in the negotiations. He conceived that all she demanded was to be assured that the interests of His Majesty's subjects should be duly considered. He should, he said, willingly explain his views fully to the Prussian Chargé d'Affaires, if he should be spoken to by him on the subject.

I have, &c.
(Signed) LYONS

No. 165

Lord Lyons to Lord Stanley.—(Received November 18.)

(No. 973)

My Lord,

Paris, November 17, 1868.

COUNT SOLMS-SONNENWALDE, the Prussian Chargé d'Affaires here, told me this afternoon that he had spoken a few days before to the Marquis de Moustier on the subject of the proposed Commission for the management of the Tunisian finances. He said, he said, demanded that Prussia should be represented in the Conference about to be held for settling the functions and composition of the Commission, but had not succeeded in inducing M de Moustier to accede to the demand. M de Moustier had maintained that the business of the controlling section of the Commission would be confined to seeing that proper measures were taken for paying the interest of the funded debts of Tunis in which he believed no Prussian interests were concerned. As to the ordinary debts they would constitute claims on the surplus, after the charges for the funded debts had been provided for, and whether held by French, English, or other subjects, would be left to be brought forward in the ordinary way by the claimants or their Consuls. Count Solms asked me whether any agreement had been come to between M de Moustier and me respecting this distinction between the funded and the ordinary debts of the Government of Tunis.

I said that I understood that the composition and the functions of the Commission were to be settled by a Conference, and that, as Count Solms knew, no such Conference as yet existed. I added, that all that Her Majesty's Government had assented to was a proposal made by M de Moustier that the Commission should be divided into two sections, one for administration, and one for control; and that the administrative section should be composed of two Tunisians and a French financier. Her Majesty's Government had declared that, for their part, they would have no objection to the arrangement thus proposed, provided that due security were taken that the controlling section should have real and effective power. This was all.

Count Solms told me that he had reported to his Government what M de Moustier had said to him, and that he was waiting for instructions. Prussia had he observed, no political interest in the question; all she desired was to make sure that justice would be done to the claims of her subjects.

I have, &c.
(Signed) LYONS

No. 166.

Messrs. Hope and Blackmore to Lord Stanley.—(Received November 18.)

Founder's Court, Lothbury, London,
November 18, 1868.

My Lord,

WE had the honour to address your Lordship on the 14th of July last, as to the state of Tunis, and your Lordship was kind enough to grant us an interview on that subject three days later, and on those occasions we stated in general terms the object which we had in view, namely, the extrication of the Government of Tunis from their present financial difficulties, the checking of the further extension of French influence in the country, and the introduction of an orderly system of Government, with security to life and property.

Since that time we have been unremitting in our endeavours to carry out these objects. At first, while negotiating with General Khairiddin, we encountered little or no difficulties, but since then we have had the greatest difficulty in fathoming the real intentions of the Government of the Bey, and on more than one occasion we nearly abandoned the task which we had set ourselves, from the oriental manner in which we were dealt with. Contrary, however, to our expectation at our time, we have at length received satisfactory explanations on the points on which we were in doubt, and although we shall not be able to carry out all our original ideas, yet the arrangements which we shall make will practically produce the desired effect; and we have the honour to inform your Lordship that we have now secured the co-operation of the well-known house of Messrs. Charles Deveau and Co., of London.

His Highness the Bey signed a contract for our acceptance as long ago as the 19th of August last, but, in doing so, many alterations were introduced into the working of the document which, although apparently slight, would nevertheless have made it highly unsatisfactory in every point of view. However, he has recently sent a "fondé de pouvoir" to Paris with whom we have agreed upon the final terms. But in a matter of such importance we do not feel disposed to accept the signature of any "fondé de pouvoir," but insist upon having that of His Highness the Bey himself, for one of our stipulations is that the entire revenue of the country be paid into the hands of the International Financial Commission about to be formed, and we feel that this is a condition which ought to be specifically accepted by the Bey himself. One of the Underigned, Mr. Hope, is, accordingly, about to proceed to Tunis to obtain the signature of the Bey to the terms agreed upon in Paris, and as we are very desirous of ascertaining the truth respecting the state of the country, and its revenue and expenditure, we venture to ask your Lordship for a letter of introduction to Her Majesty's Consul, Mr. Wood.

We should, perhaps, add, that we have assured ourselves beforehand that the French Government will not oppose the arrangement which we propose to carry out. The Marquis de Moustier had a scheme ready prepared by which the country was to fall into the hands of one of the great French Financial Institutions, which, of course, would have only been a preparatory step to the taking possession, at all events, of the most valuable part of the country, including the much coveted port of ports, Farina. But when he found that we were prepared to oppose this to the utmost, rendering its practicability more than doubtful, he wisely concluded that it was better not to incur the further discontent of the bondholders by refusing to agree to an arrangement which the Bey, partly by himself, and partly by his "fondé de pouvoir," had already agreed to, and which was in itself equitable to all parties concerned.

We entered into this matter, in the first instance, from purely political motives, the affair has since partaken more of the nature of an ordinary financial operation but we still believe that in carrying it out we shall render a lasting service to British interests in that part of the world. It is for this reason that we venture to ask from your Lordship the favour of a letter of introduction to Her Majesty's Consul, requesting him to give us what information and other assistance he can afford us.

We have, &c.
(Signed) W. HOPE.
WILLIAM BLACKMORE.
Per W. Hope

Mr. Hammond to Messrs Hope and Blackmore.

Gentlemen,

Foreign Office, November 20, 1868.

I AM directed by Lord Stanley to acquaint you, in reply to your letter of the 18th instant, that looking to the communications which have taken place with the Government of France with the view of placing the finances of Tunis in a more satisfactory condition, his Lordship does not consider that he can properly furnish you with the letter which you request, to Her Majesty's Agent and Consul-General in Tunis, directing him to lend his aid in furtherance of the separate undertaking to which your letter appears to refer.

I am, &c.
(Signed) E. HAMMOND.

No. 168.

Mr. Hope to Mr. Hammond.—(Received November 21.)

(Private and Confidential.)
Sir,

*Founder's Court, Lothbury, London,
November 20, 1868.*

WITH reference to the letter to Lord Stanley, which I had the honour to hand you the other day, I now have the honour to inclose herewith a letter which I have just received from my bankers, Messrs. Barclay, Bevan, and Co., by which you will see the standing and respectability of the house with whom I am associated in the proposed financial arrangement of the debts of Tunis.

I have, &c.
(Signed) W. HOPE

Inclosure in No. 168

Messrs. Barclay, Bevan, Tritton, and Co. to Mr. Hope.

Sir,

Lombard Street, November 20, 1868.

IN reply to your inquiry respecting Messrs. C. Devaux and Co., we beg to inform you that we have ascertained at their bankers that they are a firm of high standing, and they consider them competent to fulfil all their business engagements.

We are, &c.
(Signed) BARCLAY, BEVAN, TRITTON, AND Co

No. 169.

Messrs. Hope and Blackmore to Mr. Hammond.—(Received November 24.)

Sir,

*Founder's Court, Lothbury, London
November 23, 1868.*

WE have this morning had the honour to receive your letter of the 20th instant, and hasten at once to assure you that what we have undertaken for His Highness the Bey of Tunis is in no way opposed by the French Government. On the contrary, while it will do that which will take away from the French any excuse for seizing part or the whole of the country, it will, at the same time, help the Marquis de Moustier out of a serious difficulty, and our undertaking is subsidiary to, and not separate from, the arrangements which we understand to be in contemplation by the Governments of England and France.

We may further mention that our reasons for asking for the letter to Her Majesty's Agent in Tunis are threefold:—

1st. We are most anxious that any statement which we put hereafter before the British public as to the revenues and resources of Tunis should be based upon the most reliable information that can possibly be obtained; we are, therefore, most anxious that the information we have received should be checked by Mr. Wood.

2ndly. We think it would be only right to acquaint Her Majesty's Agent with the

progress of a negotiation which is of vital importance to the country to which he is accredited, and which cannot but be of some importance to this country.

Thirdly. We are most anxious to co-operate with Her Majesty's Government, and we believe that we have the power of introducing many little arrangements of detail which may secure British interests, and neutralize French policy in no inconsiderable measure. But we are sure that you will see that we could not afford Mr. Wood the opportunity of getting small political advantages secured in a financial contract between the Bey and ourselves, unless we were secured, on the other hand, of Mr. Wood's financial neutrality.

We have, &c.
(Signed) W. HOPE
WILLIAM BLACKMORE
Per W. H. p.

No. 170

Lord Stanley to Lord Lyons.

(No. 707)

My Lord,

Foreign Office, November 25, 1868.

I TRANSMIT to your Excellency herewith copies of a correspondence which has passed between Messrs. Hope and Blackmore and this office,* with reference to a negotiation in which it appears they have been engaged with the Bey of Tunis, with the professed object of extricating the Tunisian Government from its financial difficulties, and of checking the further progress of French influence in that country; and to bring which negotiation to a successful issue they request to be placed in communication with Her Majesty's Agent and Consul-General in Tunis.

I should be glad to be favoured with your Excellency's opinion upon the subject of Messrs. Hope and Blackmore's communications.

I am, &c.
(Signed) STANLEY

No. 171

Lord Lyons to Lord Stanley.—(Received November 29.)

(No. 1,000)

My Lord,

Paris, November 28, 1868.

I HAVE had the honour to receive your Lordship's despatch No. 707 of the 25th instant, inclosing copies of correspondence with Mr. Hope and Mr. Blackmore, respecting negotiations in which those gentlemen appear to be now engaged with the Government of Tunis respecting the finances of the Regency.

As your Lordship desires me to give my opinion upon the subject, I may observe that I continue to think that, as the Government interested have agreed to form an International Commission to control the administration of the Tunisian finances, the proper and natural course would be to leave that Commission free to decide upon the measures to be taken, and not to hamper it unnecessarily by a Convention already concluded between the Bey and foreign capitalists. I should not, however, be disposed to insist upon this objection so absolutely as to oppose the immediate conclusion of an arrangement of which the terms appeared to be practical and fair alike to the Government of Tunis and to its creditors; and to which the assent and approval of the other Governments concerned were assured.

The details of the new agreement which Mr. Hope and Mr. Blackmore state that they have made with the "fondé de pouvoir" of the Bey at Paris, do not appear to have been communicated by them to your Lordship. A copy of the first Convention, signed by General Khazredin at Paris, was transmitted to your Lordship on the 1st August last by Mr. Wood, in a despatch in which he expressed his disapproval of some of the articles. In a subsequent despatch, dated the 10th August, Mr. Wood transmitted to your Lordship an amended Convention which had been actually signed by the Bey. The amendments would seem to have been thought necessary by Mr. Wood. I observe that, in their letter to your Lordship of the 18th instant, Mr. Hope and Mr. Blackmore characterize them as highly unsatisfactory in every point of view. The circumstance may give rise to a conjecture that the new agreement may be a modification of the Convention to which Mr. Wood objected.

* Nos. 166, 167, 168, and 169.

It appears from their letters to your Lordship of the 18th and 23rd instant, that Mr. Hope and Mr. Blackmore are under the impression that the new arrangement will not be opposed by the French Government. It would be desirable to make sure that there is no misunderstanding upon this point. Your Lordship will remember that, while General Khairuddin affirmed that he had obtained or extorted M. de Moustier's approval of the first Convention, M. de Moustier himself distinctly told me that he disapproved it. The simple way to clear up all difficulties would seem to be that Mr. Hope and Mr. Blackmore should lay the exact terms of the new agreement before your Lordship and before M. de Moustier; and that the English and French Governments should communicate to each other their opinion, first, as to the advisability of consenting to the Bey's committing himself to any Convention before the establishment of the International Commission; and, if this be thought advisable, then as to the merits of the particular agreement put forward by Mr. Hope and Mr. Blackmore.

Your Lordship will not understand me as being in any way prejudiced against this agreement. On the contrary, I think it not improbable that it might afford a convenient mode of setting aside the Convention of the Bey with the Société Générale of Paris, which M. de Moustier maintains to be still subsisting. Nor am I inclined to take it for granted that the new Convention will be opposed by M. de Moustier. Your Lordship will recollect that in speaking to me of the Convention with the Société Générale, M. de Moustier maintained that the Bey must not set it aside without substituting a better. Mr. Hope and Mr. Blackmore's agreement might perhaps afford the substitute.

I do not, however, think that it would be prudent, or indeed right, for Her Majesty's Government to give any support at Tunis to Mr. Hope and Mr. Blackmore's scheme without coming first to a distinct understanding on the subject with the French Government; and this I gather from the letter written by your order, on the 20th instant, to Mr. Hope and Mr. Blackmore, to be the view taken by your Lordship.

I have, &c.
(Signed) LYONS.

No. 172.

Mr. Hammond to Messrs. Hope and Blackmore

Gentlemen,

Foreign Office, December 4, 1868.

I AM directed by Lord Stanley to acknowledge the receipt of your letter of the 23rd ultimo, stating that your proposed financial arrangements with the Bey of Tunis are in no way opposed by the French Government, and giving further reasons for requesting that you may be favoured with a letter of recommendation to Her Majesty's Agent and Consul-General in that Regency.

Under present circumstances, Lord Stanley does not see that he can properly alter the decision communicated to you in my letter of the 20th ultimo, but his Lordship is willing to consider the matter further on your furnishing him with the exact terms of the new agreement to which you refer. On receiving these, his Lordship might, if he should then see fit, communicate with the French Government on the subject.

I am, &c.
(Signed) R. HAMMOND.

No. 173

Mr. Wood to Lord Stanley.-(Received December 20)

(No. 60.)

My Lord,

Tunis, December 12, 1868

I HAVE the honour to state that information has reached Tunis from authentic sources that the French Government is seriously thinking of sending M. Leon Roches, late French Minister at Japan, to replace here the present Chargé d'Affaires, M. de Botmehau.

Previous to his translation to Japan, M. Roches occupied the post of Consul-General in Tunis for the period of eight years, and, owing to his knowledge of Arabic, had exercised some influence at the Bey's Court, which he employed to further certain

objects and pecuniary operations, to which public opinion attributed the origin of the present embarrassed state of Tunisian finances.

It would, therefore, appear that M. Roches, availing himself of the very difficulties he had contributed to produce, has offered his services to M. de Moustier to remove them; and he undertakes to accomplish, within a given time, the three objects which preoccupy the attention of his Government, namely:—

1. The dismissal of the Bey's Prime Minister;

2. The arrangement of the finances; and

3. The withdrawal of the guarantees and pledges which have been given to the English, Italian, and French creditors of the Bey, on the ground that His Highness had not the right to assign as securities any branch of the revenue at a time when he had suspended his payments.

It is needless to state the astonishment and regret which this intelligence has caused; and the painful impression it has left on the Bey's mind, who foresees fresh complications and disasters, should the Emperor's Government entrust M. Roches with a mission of this nature.

With much intelligence, and a thorough knowledge of the Arab character, M. Roches' other qualifications are not such as to inspire confidence. Having commenced his career by joining the Emir, Abdul Kader, whose religious creed he had adopted, and with whose niece he had contracted marriage, he afterwards fled from the Emir's camp and joined the French army, which he put in possession of the information that led to the Battle of Ady, and the capture of his friend and benefactor the Emir.

Reverting to his religion, he represented his Government for eight years in Tunis, from whence he was removed, at his request, on account of the untenable position he had created for himself. During his long residence, however, he received much substantial kindness of every description at the hands of the Bey and of the Prime Minister, whose removal from office he now offers to accomplish notwithstanding his personal obligations both to him and to his Princess, whose known affection for their faithful servant, M. Roches, cannot but be aware will impel them to resist any attempt to sacrifice him for no other purpose than to facilitate the execution of objects which the Bey has never ceased to consider as unfriendly towards himself, destructive of his autonomy, and, as it now appears, equally ruinous to a mass of his local creditors.

From this gentleman's antecedents, and other incidents connected with his adventurous career and chequered fortune, some estimate may be formed of the action to which he will resort for the accomplishment of the objects of his Mission, and the Tunisian Government is therefore far from being wrong in anticipating evils and disasters of a description to raise serious apprehension and mistrust.

In referring to this subject in a recent conversation with the Bey, His Highness observed that he was unable to account for the unfriendly feeling of France towards him, that he had always used his best efforts to please her, but that it was unjust to make him and his Minister responsible if those efforts have failed before the unreasonable demands and pretensions of her agents, and would not be satisfied with less than the relinquishment of his rights and authority, and with his subservience to their dictation.

I endeavoured, more from a sense of duty than personal conviction, to appease his well-grounded fears, and I assured him that, at any rate, as the Marquis de Moustier had repeatedly recognised in his interview with Lord Lyons and M. Nigra, the validity of the pledges that had been given to the English, French, and Italian subjects, who were holders of shares in large loans, the interest of which formed a principal charge on the Tunisian revenue for many years, it was impossible to admit for an instant that M. Roches would be permitted to act, in this matter at least, in direct contravention of the understanding that his Excellency had come to with Her Majesty's Representative and with that of the King of Italy on the subject, and that consequently His Highness would be spared the indignity of having to violate his contracts with his creditors.

It is likewise affirmed, in connection with the recall of M. de Botmehau, that it is the intention of the French Government to suggest to Her Majesty's Government and to that of Italy the expediency of recalling also the British and Italian Representatives from Tunis, on the plea that a new set of Agents would facilitate the adjustment of Tunisian affairs. Whether this statement is correct, or whether it would have the desired effect, it does not belong to me to judge, but the reappointment of M. Roches to his former post, after an absence of only four years, cannot be looked upon as the selection of a new man; neither is it probable that his return to, and presence in, Tunis

after the unfortunate results of his previous prolonged residence, will facilitate the arrangement of affairs which he has contributed to embarrass.

How far the amassing of French troops on the frontier town of Tebessa, distant fifty miles from the Tunisian town and fortress of Keff, is, in furtherance of the matters to which I have respectfully ventured to refer, I am not for the present in a position to state with any degree of certainty; but the Bey, in alluding to the circumstance, expressed the intention of asking for an explanation from the French Chargé d'Affaires in the collection of a force unusually large for the sole protection of the borders against the incursions of Arabs.

I have, &c.
(Signed) RICHARD WOOD.

No. 174.

Mr. Hope to Mr. Hammond.—(Received December 21.)

Sir,

Founder's Court, Louthbury, December 19, 1868.

IN reply to your letter of the 4th instant, I have the honour to state that, owing to the protracted absence of Mr. Blackmore who has been detained on business in New York, I have been obliged to abandon, for the present, my intention of proceeding personally to Tunis. The letter of recommendation to Her Majesty's Agent, for which I ventured to ask, I should not now, therefore, be able to present. But some time since I gave a Power of Attorney to a retired partner of the house of Devaux and Co., who was to proceed to Tunis in advance of me, and who is already there, and upon receipt of instructions by telegraph or letter from me, he could equally place himself in communication with Mr. Wood if you saw fit. I will, therefore, still do myself the honour to lay before you the general terms of the financial arrangement which we are endeavouring to carry out.

1. The existing debts, both interior and exterior, are to be extinguished and replaced by a new 7 per cent. debt, which is also to be created in sufficient quantity to pay off the arrears of coupons now outstanding, which have got the country into its present troubles. The advantage is not great in the conversion of the capital of the existing foreign debt, inasmuch as the rate of interest paid at present is the same, but it was the desire of the Tunisian Government that this should be done in order to facilitate and simplify the future payment of interest. There is, however, one advantage and that is, that the period for the amortization of the new debt is to be longer than that of the existing debt. With regard to the internal debt, the advantage to the Government is very great, inasmuch as at present it bears interest at the rate of 12 per cent. per annum in addition to an enormous provision for amortization. Although the security for part of this debt is insufficient, that for another portion is more than sufficient, and while receiving a rate of interest only justifiable where the risk is very large the holders of that part of the debt enjoy at the same time an absolute security. Such a state of things is altogether unreasonable and the substitution of a 7 per cent. debt repayable over eighteen years for this portion of the debt will be a very great and immediate benefit to the country.

2. In order to make the position of the holders of the future debt as safe as the bondholders of an Oriental country are ever likely to be, we have stipulated that the entire revenues of the country arising from all sources shall be pledged to meet the interest and sinking fund of the debt, and that they shall be paid over to the International Commission which, we understand, it has been agreed shall be formed in Tunis. I may mention that our original intention had been to obtain the appointment of an Englishman as Minister of Finance; but we found that from the jealousies of the French Government, and the nervousness of the Tunisian, this arrangement would have been impossible. We accepted the other alternative as the best arrangement that could be looked for under the circumstances.

3. The Bey of Tunis engages also to reduce his army and navy, and all the other employés of the State, and the expenses of Government generally, so as to bring them within an annual expenditure of 8,000,000 francs, or 320,000*l.* In addition to which, however, he stipulates that a further 1,000,000 francs, or 40,000*l.*, shall annually be placed in reserve against extraordinary and unforeseen expenses of the Government.

4. The whole of the surplus revenue is to be devoted either to reproductive public works, or to the further extinction of the unified debt, by purchases in the market beyond the amount of the annual sinking fund.

5. The foregoing arrangement renders it impossible for the Bey even to incur any fresh debt, no matter how insignificant, until the entire extinction of the unified debt, and thus places a certain and definite limit to the arrangement now proposed.

6. The Bey undertakes to publish a Constitution conferring personal liberties upon his subjects and securing their position and defining the powers and authority of the different officials of the country, thereby encouraging and developing the trade, agriculture, and other resources of the country.

It is evident that such a Convention is more than a mere financial contract, and becomes of the greatest interest to this country that anything connected with Tunis can possess, whatever that amount of interest may be; and it is also evident that in the course of the negotiations now being carried out, and in the arrangement of the details of the foregoing general plan, many minor stipulations may be introduced in the interest of foreigners and of British subjects; and although, no doubt, the affairs of Tunis are not of any vital moment to Great Britain, yet it has always seemed to me that the present was an opportunity when something, however little, might be gained for British interests generally, and it is in this belief that I venture to suggest that it might be well that our Representative in Tunis, M. Tsché, should place himself in communication with Her Majesty's Agent, and that the latter should be authorized to receive him. I am encouraged to hope that, not only will this suggestion meet with your approval, but that it will also meet with that of the Earl of Clarendon, to whom, many months since, when the affair was in a less advanced state, I communicated the nature of the negotiation which I was endeavouring to carry out.

I will merely add that, if my suggestion is acted upon, it would be well that negotiations should be conducted by telegraph, as our Representative has now been some ten days in Tunis; and being naturally desirous of concluding matters, one way or another, as speedily as possible, the matter might be closed, so far as he is concerned, before Mr. Wood could receive a despatch by post or messenger.

I have, &c.
(Signed) W. HOPE.

No. 175.

The Earl of Clarendon to Lord Lyons

(No. 45.)

My Lord,

Foreign Office, December 22, 1868

WITH reference to your Excellency's despatch No. 1,006 of the 28th ultimo, I enclose a further letter from Mr. Hope, stating the terms of the financial arrangement which he is endeavouring to carry out at Tunis; and I have to instruct you to furnish me with your opinion thereupon, returning Mr. Hope's letter at the same time.

I am, &c.
(Signed) CLARENDON

No. 176.

Lord Lyons to the Earl of Clarendon.—(Received December 25.)

(No. 1,082.)

My Lord,

Paris, December 24, 1868

I HAVE had the honour to receive your Lordship's despatch No. 45 of the day before yesterday, desiring me to give my opinion upon a letter from Mr. Hope, dated the 21st instant, which contains a general statement of the terms of the financial arrangement which he is endeavouring to carry out at Tunis.

I need hardly repeat the opinion which I expressed in my despatch No. 1,006 of the 28th ultimo, that it would not be prudent, nor indeed right, that Her Majesty's Government should give any support at Tunis, either to this or any other scheme, without coming beforehand to a distinct understanding with the French Government on the subject.

In the month of May last, Her Majesty's Government having received satisfactory assurances from the French Government, directed Her Majesty's Agent at Tunis not to interfere between the Bey and the French Chargé d'Affaires in regard to the Financial Commission which it was proposed to establish at that place. It was, in fact, agreed by the French and English Governments, that no steps should be taken to establish this Commission, until the two Governments had come to an agreement on its compo-

sition and on its functions. The same agreement was made by the French Government with the Government of Italy; and an understanding appeared for some time to exist, that the Prussian Government should also take part in settling the functions and composition of the Commission. Frequent communications on the subject went on between the Marquis de Moustier and me. No difference of opinion arose on any material point; but M. de Moustier was tardy in bringing the matter to a conclusion; and when he went out of office, it stood in the following position:—

An agreement on certain conditions had been come to, (in deference to M. de Moustier's opinion), that the proposed Commission should be divided into two sections, an administrative and controlling section, that the administrative section should consist of three members, two to be Tunisians, and one a French Financier; that the Conferences for fixing the details should be carried on by an officer of the French Foreign Department, deputed by M. de Moustier, and by Delegates appointed by the Chiefs of the Missions at Paris of the Powers interested. These Powers had been generally taken to be England, Italy, and Prussia; but latterly M. de Moustier had distinctly objected to a Prussian Delegate being admitted to the Conferences.

M. de Lavalette has, of course, not yet had time to make himself acquainted with the affair; but I purpose asking him to turn his attention to it as soon as possible. In the meantime, I continue to be of opinion that the natural course would be to leave the Commission free to decide upon the financial measures to be adopted, and not to hamper it with a new contract for a loan.

It is to be remembered also that the Bey signed some time ago with the Société Générale of Paris a Contract for a loan, some clauses of which Mr. Wood, Her Majesty's Agent, thought very objectionable. This Contract appeared to be very much favoured by M. de Moustier, who, however, declared repeatedly that no steps should be taken to give effect to it until the Powers concerned had come to an agreement respecting the Financial Commission. I observe that Mr. Hope's scheme provides that the whole Revenue of Tunis shall be paid over to this proposed Commission, but he does not appear to contemplate waiting until the composition and functions of the Commission are settled, before making his contract with the Bey. If, indeed, the Contract were signed and executed, the mode in which the whole revenue was to be spent would be fixed, and neither the Bey nor the Commission would have any power in the matter.

Nevertheless, if the terms of the Contract appear to be fair, alike to the Government of Tunis and its creditors, and if they be approved by the other Governments concerned, I do not hold that as a matter of form, the Financial Commission must be established before they are adopted. I maintain, however, that as matters now stand no one Government ought, without the consent and co-operation of the other Governments interested, to take any part in inducing the Bey to commit himself to any new engagement.

As to the merits of the scheme itself, I am hardly competent to give an opinion. Its first clause is that the existing debts, exterior and interior, are to be extinguished and replaced by a new 7 per cent. debt. It does not state, however, how the operation is to be effected. If the present debts are to be paid in full, or the conversion of them into the new stock to be entirely optional, on the part of those who now hold them, there can, I presume, be no objection to it. But if the present holders are to be forced to give up the special securities they now hold, and accept in lieu a portion of the new "unified debt," then this scheme is a mere reproduction of the plans, against which the British and Italian subjects interested, and the British and Italian agents at Tunis have so earnestly protested, and which have in fact been the main cause of the intervention of the British and Italian Governments in the question.

I have taken a copy of Mr. Hope's letter, and have the honour to return the original herewith.

I have, &c.
(Signed) LYONS

No. 177

Mr. Wood to the Earl of Clarendon.—(Received December 27.)

(No. 82)

My Lord,

Tunis, December 19, 1866

WITH reference to your Lordship's despatch No. 11 of the 30th July last, enclosing a copy of Lord Lyons' Report relative to a communication which has

Excellency had received from Mr Hope on the subject of the arrangements he had made with General Khairaddin for the settlement of Tunisian affairs, I have now the honour to state that the Convention which the Bey had signed in fulfillment of those arrangements, a copy of which I had ventured to submit in a previous despatch (No. 47), has been cancelled under the following circumstances.

Messrs. Hope and Blackmore having entered into a preliminary agreement with the firm of Messrs. Charles Devaux of London and Paris to carry out the Convention, they deputed their representative, M. Tochet, accompanied by M. Pasqualli and Simon Caste, in order to negotiate with the Tunisian Government the conditions of the loan for the unification of the Tunisian debts.

Before quitting Paris, M. Tochet called on the Minister of State, M. de Rouher, and read to him the draft of a contract, which his Excellency approved, but expressed his surprise that capitalists should be found to undertake a similar financial operation. He added, however, that the French Government had decided to "mater" (checkmate) the Bey, in order to compel him to submit to certain conditions which it intended to impose upon him.

Whether M. Tochet did not understand the exact significance of the expression, or was led to believe by the Minister's apparent approval of the plan, that its successful execution would relieve the French Government from the necessity of checkmating His Highness, he saw no reason in the language of his Excellency to relinquish his journey, but on his arrival here he found that the Marquis de Moustier had transmitted a strict order to the French Charge d'Affaires, by the same conveyance, to protest against the acceptance or signature of any contract having for object the arrangement of the Tunisian financial difficulties.

The Bey was therefore obliged to inform M. Tochet that, in the presence of this complication, it was no longer in his power to continue the negotiation.

In acquainting me with the action of the Emperor's Government in the matter of Mr Hope's Convention, the Bey expressed his profound regret that he should be placed in a dilemma from which escape appeared impossible. He was urged, on the one hand, to make large payments and to arrange the embarrassed state of the finances; whilst he was deterred, on the other, from employing the means that were offered to him to effect so desirable an object.

I have, &c.
(Signed) RICHARD WOOD

No. 176

Mr Hammond to Mr. W. Hope

Sir,

Foreign Office, December 22, 1866

I HAVE laid before the Earl of Clarendon your letter of the 10th instant containing a statement of the terms of the financial arrangement which you are endeavouring to carry out at Tunis, and I am directed by his Lordship to inform you that Her Majesty's Government cannot give you any assistance with regard to this arrangement, as they have an understanding on the question of Tunisian finance with other Governments.

I am, &c.
(Signed) E. HAMMOND

No. 17

Memorandum communicated by Count Maffei, January 2, 1869

(Très Confidentiel)

Les faits qui ont donné lieu à l'action commune de l'Angleterre et de l'Italie dans les difficultés soulevées à Tunis, à propos de la formation d'une Commission Internationale pour la réorganisation des finances de la Régence, et obérées par des crédits étrangers, sont tellement connus qu'il est inutile de les rappeler ici en détail.

Ce fut en effet grâce à l'active intervention de ces deux Puissances, dont les intérêts commerciaux dans la Tunisie sont identiques, qu'on a réussi à sauvegarder, soit aux créanciers Britanniques, soit aux Italiens, les droits qui leur étaient acquis par des traités antérieurement solennellement conclus avec le Gouvernement du Bey, et qui couraient le danger d'être sérieusement compromis par les importantes concessions dont le Bey avait cherché à arracher la promesse à la Régence.

En vertu de cette promesse la Commission Internationale n'aurait été qu'une Commission entièrement Française, composée et présidée de fait par des Agents Français qui n'auraient tenu compte que des intérêts des sujets Impériaux, sans aucun égard pour les droits des autres sujets étrangers.

Le Gouvernement Français allait jusqu'au point de soutenir auprès de celui du Bey qu'il n'y eût autre chose en toute cette controverse qu'une question purement entre la France et la Régence, et dans laquelle l'Angleterre et l'Italie n'entraient pour rien. Le Gouvernement Impérial disait en un mot à celui du Bey, signez le Décret par lequel vous reconnaissez la formation de la Commission telle que je l'entends, et je me charge de donner les garanties suffisantes à l'Angleterre et à l'Italie pour la sûreté de leurs créanciers.

En présence d'un pareil état de choses, les Cabinets de St James et de Florence donnaient ordre à leurs Consuls à Tunis de s'opposer formellement à la promulgation du Décret susdit.

Un point fort essentielle, qu'il ne faut pas oublier en tout ceci, est sans contredit la question politique qui se présente à Tunis, à côté de ce différend commercial car en permettant la pleine et entière exécution du Décret que le Bey s'était engagé à émaner en faveur de la France, celle-ci aurait eu presque entièrement le contrôle des finances Tunisiennes. Que devenait ainsi l'indépendance du Bey lui-même? Cette circonstance était de nature à préoccuper vivement les Gouvernements qui ont un intérêt sérieux dans le commerce de la Méditerranée, et le Cabinet de Florence en fit l'objet de communications spéciales auprès du Gouvernement Anglais.

Cependant comme la France faisait de l'accomplissement des promesses du Bey une véritable question d'honneur, dans le but louable de provoquer une conciliation, et sur l'engagement formel pris par le Gouvernement Français de donner les plus amples garanties aux créanciers des autres nations, l'Angleterre et l'Italie cessèrent de faire opposition à la publication du Décret en question.

De son côté la France admettait que les droits acquis aux créanciers étrangers par des Conventions antérieures auraient été inviolables, et que tous les Etats intéressés auraient eu une représentation égale dans la Commission Internationale pour la réorganisation des finances Tunisiennes, dont le Gouvernement Impérial se chargeait de soumettre les bases à l'Angleterre et à l'Italie.

Voilà en peu de mots l'histoire de la première phase de la question de Tunis.

Quelque temps s'écoula sans que le Gouvernement Français prit aucune détermination à cet égard. Pourtant il n'est pas hors de propos de faire mention que, pendant cet intervalle, et tandis que l'Angleterre et l'Italie attendaient les nouvelles propositions du Cabinet des Tuileries, on reçut avis que des négociations étaient entamées à Paris dans le but de conclure une opération financière entre la Société Générale et le Général Roustan, délégué par le Gouvernement Tunisien, ayant pour objet l'unification de toutes les dettes de la Régence dans les mains d'une Compagnie Française, circonstance qui aurait placé les finances de la Tunisie sous l'arbitre exclusif de la France.

Comme on voit, un tel arrangement aurait nécessairement donné un énorme pouvoir à la France, qui au fond aurait obtenu par là la réalisation de ses desseins primitifs en acquérant le droit d'intervenir dans toutes les branches de l'administration intérieure Tunisienne, au désavantage évident de tout autre Etat étranger non directement intéressé au crédit de la Régence, dont la liberté d'action aurait été de cette façon tout-à-fait paralysée.

Or, l'appui que ces projets trouvaient auprès du Gouvernement Impérial, était certes de nature à faire naître le soupçon que la France cherchât à s'assurer par d'autres moyens cette suprématie dans les affaires de Tunis que la ferme attitude de l'Angleterre et de l'Italie avait réussi à déjouer.

Ainsi qu'il a été dit plus haut, un assez long intervalle s'écoula sans qu'une communication quelconque fut faite par le Cabinet des Tuileries au sujet de la formation de la Commission Internationale.

Mais dans ces derniers temps le Marquis de Moustier, dans une conversation qu'il eut avec Lord Lyons, lui proposa, en vue, prétendait-il, d'éviter la confusion et les difficultés qui seraient surgies dans une Commission unique composée de membres de tant de différentes nationalités, d'établir en principe que la Commission Internationale, qui devait se réunir à Tunis, se partagerait en deux sections distinctes, l'une administrative, l'autre de contrôle.

Dans le projet du Marquis de Moustier la première ne devait pas compter plus de trois membres, tous fonctionnaires Tunisiens; mais la faculté était laissée au Bey d'y appeler un étranger de n'importe quel pays, expert en matière de finances.

Ce troisième membre, quoique cela ne fut pas énoncé, était néanmoins destiné à être choisi parmi les employés financiers du Gouvernement Impérial, et la suite le démontra en

effet; car il devint bientôt évident que cela devait être ainsi, et que le fonctionnaire Français devait aussi présider de fait la Section, quoique la présidence nominale fut réservée à un des membres Tunisiens.

Cette détermination laissait de nouveau le champ libre à l'influence de la France, et faisait renaitre chez les autres créanciers étrangers les mêmes craintes que l'attitude gardée par cette Puissance pendant les diverses phases de la question de Tunis avait de prime abord engendrées.

Lord Stanley continuait à être animé de l'esprit de conciliation dont il avait déjà donné preuve auparavant, ne repoussant point la proposition du Marquis de Moustier, croyant que les crédits Anglais auraient été suffisamment garantis, soit par les promesses faites par la France, soit par l'augmentation des pouvoirs de la Section de Contrôle, qui devait être composée d'un nombre de membres à déterminer et qui devait renfermer en son sein toutes les nationalités intéressées aux finances Tunisiennes. La Section Administrative puis aurait eu l'obligation de rendre compte à celle-ci à des époques déterminées de toutes les opérations actives ou passives faites ou projetées.

Le Gouvernement Italien, tout comme le Gouvernement Anglais, sans avoir eu de la part du Cabinet des Tuileries la communication d'un plan définitif à cet égard, reçut pourtant des ouvertures dans le même sens.

Le Cabinet de Florence admettait sans peine que la Régence pouvait être mieux gouvernée par une Commission Financière Tunisienne que par une Commission composée seulement d'étrangers, surtout que, à ce qu'il paraît, ces hommes capables de remplir d'une manière satisfaisante une pareille position ne manqueraient pas à Tunis; mais il ne pouvait s'empêcher de considérer l'introduction d'un fonctionnaire Français que comme une circonstance peu désirable.

Effectivement on ne saurait en aucune façon expliquer quelle serait l'utilité de la présence de ce membre étranger, et il n'est pas difficile de prévoir que cette mesure pourrait reconduire les choses au même point où elles se trouvaient lorsque l'Angleterre et l'Italie unirent leurs efforts à Tunis pour empêcher que l'Administration des Finances de la Régence fût réduite à être entièrement confiée à un Commissaire Impérial. Car il est bien évident que par l'influence toute naturelle que peut exercer un financier Européen expérimenté sur des employés Tunisiens, en peu de temps toutes les importantes attributions de la Commission Administrative se trouveraient à la merci du fonctionnaire Français.

Le Gouvernement Italien était par conséquent d'avis que les idées exprimées par le Cabinet des Tuileries ne devaient point être accueillies sans y introduire quelques modifications qui ne devraient certainement pas paraître déplacées si, comme on aime à le croire, la France n'a point l'intention secrète de regagner habilement les avantages que la condescendance du Bey tendait à donner aux intérêts Français au moment où l'Angleterre et l'Italie s'interposèrent dans la question.

Cependant, soit dans le but de se montrer conciliant, soit pour ne pas sacrifier à des questions de formes les intérêts réels que les sujets Italiens ont à Tunis, le Cabinet de Florence ne rejeta point non plus la proposition Française, mais il fit confidentiellement part de ses vues à Lord Stanley sur le caractère que devrait être attribué tant à l'une qu'à l'autre des deux sections que la France voudrait instituer, en insistant spécialement sur les deux points suivants :

1. Que le fonctionnaire Français appelé par le Bey à faire partie de la Commission Administrative soit effectivement exonéré de tout engagement avec le Gouvernement Impérial.

2. Que le concours des Puissances soit limité à la formation de la Commission de Contrôle.

De cette façon, en excluant toute ingérence étrangère dans le Gouvernement intérieur de la Régence, le Bey serait resté entièrement maître de la responsabilité de ses actes, tandis que la Commission Administrative serait une Commission purement et simplement Tunisienne faisant partie du Gouvernement du Bey. L'action des Puissances étrangères serait restreinte au contrôle que la Commission Internationale par elles constituée serait appelée à exercer.

Lord Stanley donna son adhésion à la manière de voir du Gouvernement Italien, mais naturellement, soit à Londres qu'à Florence, on attendait une communication définitive de Paris pour entrer en de véritables négociations; car les idées du Marquis de Moustier avaient toujours été énoncées plutôt comme un projet vague sur lequel il restait à délibérer et non comme une proposition bien arrêtée.

Cet état de choses continue, et il ressort de plusieurs circonstances que les idées émises par le Gouvernement Impérial à l'égard de la formation de deux Commissions dans la Régence deviennent tous les jours moins précises.

D'un autre côté des nouvelles venues de Tunis indiquent que l'attitude de la France

envers le Gouvernement du Bey est redevenue tout aussi impérieuse qu'elle l'était lorsque l'Angleterre et l'Italie, unies par l'accord le plus complet, crurent devoir user de leur influence à Paris pour maintenir l'indépendance de la Tunisie. Or, serait-ce pour voir tomber, après tant d'efforts, les finances Tunisiennes entièrement sous le contrôle d'un Commissaire Français, que l'action de ces deux Puissances aurait été employée ?

Le Gouvernement Italien considère plus que jamais qu'un accord parfait avec l'Angleterre est indispensable.

C'est pour ces raisons que, si le Cabinet de St. James apprécie la situation financière de la même manière que le Cabinet de Florence, il serait maintenant nécessaire que les deux Gouvernements s'entendent pour refuser de concourir avec leur vote à la formation d'une Commission Administrative à Tunis, dans laquelle la France seule aurait en fonctionnaire qu'elle se réserve de choisir et de révoquer à son gré.

No. 180.

Count Maffei to the Earl of Clarendon. — (Received January 4.)

28, Davies Street, Berkeley Square,
le 3 Janvier, 1869.

My Lord,

A simple titre de complément du pro-mémoire sur les affaires de Tunis que j'ai eu l'honneur de vous remettre, je prends la liberté de vous adresser ce peu de mots.

Votre Seigneurie m'a fait hier la remarque fort juste que quand même la condition sur laquelle le Gouvernement Italien insisterait serait remplie, c'est-à-dire, que l'employé Français appelé à faire partie de la Commission Administrative de Tunis devra être exonéré de tout engagement envers le Gouvernement Impérial, ce ne serait pas après tout une garantie suffisante de sûreté que nous aurions gagnée. Rien de plus vrai, et c'est d'ailleurs le Cabinet de Florence étoit contraire à cette proposition de la France. Ce n'est que lorsque Lord Stanley se décida à l'accepter en principe que le Général Menabrea, et pour faire preuve de ses sentiments de conciliation, soit pour ne pas séparer son action de celle de l'Angleterre, donna aussi son adhésion au projet du Marquis de Moustier; mais il fit aussitôt faire par mon moyen l'observation au Gouvernement de la Reine, qu'avant de s'engager définitivement il fallait exiger des garanties, et entre autres la condition dont il est question plus haut.

Lord Stanley ne me donna jamais une réponse définitive à ce sujet, sans doute parce que la proposition de la France ne fut jamais bien précisée non plus.

J'ai désigné écrire ces quelques lignes à votre Seigneurie pour lui faire remarquer que le Gouvernement Italien n'a jamais été favorable à l'introduction d'un membre Français dans la plus importante des deux Commissions que l'on voudrait établir à Tunis. Et si par conséquent, en vue de l'attitude menaçante que la France paraît de nouveau prendre à Tunis, il propose maintenant à l'Angleterre de repousser tout-à-fait cette clause, qui garantirait tant d'avantages à l'influence Française, c'est parce qu'il croit que c'est de l'intérêt des deux pays de prendre cette détermination.

I am, &c.
(Signed) A. MAFFEI

No. 181

The Earl of Clarendon to Lord Lyons

No. 14.)

My Lord,

Foreign Office, January 5, 1869

I TRANSMIT to your Excellency herewith, for your information, copy of a letter which I have received from the Italian Chargé d'Affaires at this Court, and of the communications referred to therein,* respecting the Financial Commission to be assembled at Tunis, and referring more particularly to the arrangement agreed upon that a French financier should be attached to the Administrative Section, in lieu of which arrangement the Italian Government are desirous that a financier should be appointed by each nation interested in the matters to be arranged.

I should be glad to be furnished with your Excellency's opinion upon the points mentioned in these papers.

I am, &c.
(Signed) CLARENDON

No. 182.

Lord Lyons to the Earl of Clarendon. — (Received January 12.)

(No. 48. Confidential.)

My Lord

Paris, January 9, 1869.

I HAVE had the honour to receive your Lordship's despatch No. 14 of the 5th instant inclosing papers which have been submitted to your Lordship by the Italian Chargé d'Affaires in London, and upon which you desire me to give you my opinion.

The first step towards a settlement of the pending questions respecting Tunis must be to ascertain the view taken of them by the Marquis de Lavalette, whose sentiments will probably not be altogether identical with those of his predecessor, the Marquis de Moustier. I took an opportunity the day before yesterday of again expressing to M. de Lavalette the hope that he would not take any step concerning the affairs of Tunis until he had gone thoroughly into the subject with me. His Excellency expressed his desire to act in concert with Her Majesty's Government, but said that he was not yet sufficiently acquainted with the state of the questions respecting Tunis, to enter upon a discussion of them.

I should at all times be reluctant to enter into any separate understanding with a third Government respecting these affairs, and I should be very unwilling at this moment, when we are ignorant of M. de Lavalette's views to express to the Government of Italy any opinion on the suggestions it has made.

Those suggestions relate principally to the composition of the Administrative Section of the proposed Financial Commission. The British and the Italian Governments have distinctly consented to the Commission being divided into two sections, and to a French financier being employed in the Administrative Section. Both Governments have implicitly accepted, or at all events have made no objection to, M. de Moustier's specific proposal, that the Administrative Section should be composed of three members, that is to say, of two Tunisians and the French financier. I think, therefore, that it will be difficult to recede now from this arrangement, if M. de Lavalette desire to hold us to it. Should it, however, be deemed feasible and advisable to alter it, I should be disposed to take into consideration the plan suggested by Mr. Wood in his despatch to Lord Stanley No. 40 of the 20th August last. According to this plan, the Administrative Section would consist of three Tunisians, who would also have seats in the Controlling Section, and, in fact, be rather a Committee of that Section than an independent body. One English, one French, one Italian, and one Prussian, would in addition to these three Tunisians constitute the whole Financial Commission and these seven members would, in Mr. Wood's opinion, be sufficient for all useful purposes and adequately represent all the interests concerned. Mr. Wood's local knowledge and experience, as well as his intimate acquaintance with the whole question, give a weight to his counsels, which cannot be attributed to opinions formed at a distance, and with a necessarily imperfect acquaintance with men and things at Tunis.

With regard to the suggestion in the Italian paper that the French financier should be set free from all ties to the French Government, I may observe that M. de Moustier always stated that this financier would be removed from the French service, and be placed exclusively in the Tunisian service. I confess I did not attach much importance to this, because the French Government could hardly pledge itself never to take the individual into its service again, and, in fact, he would doubtless look forward to a career in France, after a certain time spent at Tunis. M. de Moustier certainly never proposed to me that the French Member of the Administrative Section should be an Agent of the French Government, to be appointed and removed at the pleasure of that Government.

Respecting the contract for a loan, signed by the Bey's Agent, General Rustem, with the Société Générale at Paris, a great deal is said in my despatches and those of Mr. Wood. Mr. Wood's despatch to Lord Stanley, No. 25 of the 10th May, expresses strong objections to certain stipulations alleged to be inserted in this contract, or to be annexed to it. My despatch No. 921 of the 29th October, records my last conversation with the Marquis de Moustier on the subject. M. de Moustier repeatedly declared to me that this contract should not and could not be carried into execution until the Governments had come to an understanding respecting the Financial Commission. He persisted, however, in maintaining that, notwithstanding the refusal of the Bey to ratify it, it must be considered as subsisting, unless indeed the Bey "proposed a better." M. de Moustier, for some reason or other, evidently attached particular

importance to maintaining this contract. M. de Lavalette may perhaps take a different view.

Looking only to these financial matters, I am not prepared to attach so much importance to the political aspects of the relations between France and Tunis as appears to be attributed to them by the Italian Government. The pressure put upon the French Government by the holders of Tunisian stock in France, among whom are said to be persons of great influence, is sufficient to account for what has been done. The Tunisian loans contracted in France have certain special sources of revenue assigned to them, but these are, if M. de Moustier be correct, wholly inadequate. On the other hand, the persons who have furnished the local loans called "conversions," and who are, I believe, chiefly English and Italians, hold securities which appear to be sufficient to cover their interests. Under these circumstances the French stockholders, and the Government of Tunis also, seem to have desired to effect what was termed a "unification" of the Tunisian debts, so that all special assignments of revenue should be done away with, and all the debts be thrown into a common stock, guaranteed by the general revenue. In order to improve the administration of the finances, and, no doubt, with a view also to securing at least a fair share of the revenue to the French stockholders, a plan was devised which would, in fact, have placed the Tunisian finances entirely in French hands. To a scheme, involving the confiscation of the special securities of the British and Italian bondholders, and the administration of the revenue of Tunis by an exclusively French Commission, the British and Italian Agents at Tunis made a strenuous opposition. The result has been the agreement between France, England and Italy, and to which Prussia is more or less a party, that an International Commission shall be formed, in lieu of an exclusively French Commission. On the other hand, M. de Moustier, as the French Minister for Foreign Affairs, repeatedly admitted that securities legitimately assigned to the holders of the various stocks, could not be interfered with, unless with the full and free consent of those interested. In settling the compositions and functions of the Commission, great care and vigilance will be required in order to provide against any sacrifice of the pecuniary interests of our subjects; but I do not think that in this matter there is so pressing a need to guard against French political designs as the Italian Government appears to suppose.

It is very doubtful whether France would wish, by additions to her African territory, to add to the drain upon her financial and military resources which is caused by Algeria. If, however, the French Government did design to take possession of Tunis, or any part of its territory, it would be the more desirable that these financial questions should be so treated by the other Powers concerned as not to be allowed to afford any pretext to France for a quarrel with the Italy.

I have, &c.
(Signed) LYONS.

No. 183

Lord Lyons to the Earl of Clarendon.—(Received February 13.)

No. 170)

My Lord

Paris, February 12, 1869

M^{re} Marquis de Lavalette said to me the day before yesterday that he was very much embarrassed by the state of the question concerning the financial affairs of Tunis. He had strictly kept his promise to me not to take any steps in the matter without previous consultation with me, but he really did not know what was to be done. It seemed that the interest on the internal debt which was principally held by British and Italian subjects was punctually received, while not a farthing was obtained by the French holders of the foreign debt. The Italian Minister had told him that he had a plan for settling the affair; he should be greatly obliged to him if he would produce any plan which could be adopted.

I told M. de Lavalette that, if I was correctly informed, the internal debt was secured by pledges which were in the hands of the lenders, and sufficed to insure the punctual payment of the interest and sinking fund, while the foreign debt was not secured in the same way. For my own part, I was, I said, ready at any moment to go on with the negotiation which had been so long pending. In deference to the opinion of M. de Moustier, Her Majesty's Government had agreed to the French proposal that an International Commission should be established for controlling the finances of Tunis, but I did not conceive that Her Majesty's Government were wedded to this

plan. All they demanded was that the pledges held by their subjects should not be interfered with, and that if any foreign control over Tunisian finance was established, England should have a share in it equal to that of France or any other Power.

M. de Lavalette said that these demands of Her Majesty's Government appeared to him to be perfectly fair.

I have, &c.
(Signed) LYONS

No. 184.

The Earl of Clarendon to Lord Lyons.

(No. 171.)

Sir,

Foreign Office, February 13, 1869

I HAVE to state to you that I approve of the language which, as reported in your despatch No. 179 of the 12th instant, you have held to M. de Lavalette in your conversation with his Excellency on the subject of Tunisian finance.

I am, &c.
(Signed) CLARENDON

No. 185.

Count Mensobrea to Count Maffei.—(Communicated to the Earl of Clarendon by Count Maffei, March 13.)

M. le Comte,

Florence, le 27 Février, 1869

C'EST avec une véritable satisfaction que j'ai appris par vos dernières dépêches l'accueil favorable que Lord Clarendon a fait aux communications verbales dont je vous avais chargé auprès de lui relativement aux affaires de Tunis. Sa Seigneurie se sera montrée disposée à prendre en considération les propositions que nous aurions été à même de lui soumettre pour tirer ces affaires de la situation anormale dans laquelle elles se trouvent. Les changements survenus en Algérie et en France, dans les personnes qui dirigent la politique étrangère des deux pays, a causé dans les négociations qui avaient été entamées à ce sujet une suspension dont les conséquences naturelles ont été d'aggraver de plus en plus le mal auquel on s'était proposé de remédier.

Pendant que les Cabinets des différents pays qui ont des intérêts réels à protéger dans la Tunisie s'appliquaient à la recherche du meilleur moyen de mettre de l'ordre dans l'administration financière de la Régence, sans toutefois porter atteinte à la situation politique de ce pays, nous avons dû constater que les arriérés de toute sorte s'accumulaient à la charge du Trésor Tunisien sans que le Gouvernement du Bey prit aucune mesure efficace pour satisfaire aux justes exigences de ses créanciers.

Nous avons malheureusement dû nous convaincre que notre espoir n'aurait pas une base bien solide si nous attendions de l'initiative spontanée du Gouvernement de Tunis l'adoption de mesures efficaces pour rétablir le crédit financier de la Régence.

Si les renseignements qui nous sont parvenus sont exacts, il paraîtrait que quelques occasions se seraient même présentées au Gouvernement du Bey pour faire des opérations avantageuses aussi bien pour ses nombreux créanciers de tous les pays que pour lui-même. Une difficulté se serait cependant toujours opposée à la réussite de ses opérations. Les maisons étrangères qui auraient bien voulu entrer en négociations avec le Gouvernement Tunisien se maintiennent justement préoccupées de l'incertitude dans laquelle se trouvent les affaires financières de la Régence. Faut-il d'un budget régulier dont l'examen puisse faire connaître exactement la situation financière du Gouvernement du Bey, les capitalistes étrangers se sont adressés à différentes sources d'informations, et ont obtenu des renseignements souvent contradictoires.

Nous avons suivi attentivement la marche de ces négociations, bien qu'elles n'eussent qu'un caractère privé, et nous avons pu nous convaincre que la mesure la plus urgente et la plus avantageuse à adopter à Tunis serait celle de proposer au Bey de dresser, avec le concours de Commissaires nommés par les Gouvernements intéressés, un bilan de la situation financière de son pays. Ce travail aurait pour effet de faire connaître les ressources de la Tunisie et les charges qu'elle s'est imposées par ses contrats antérieurs, et servirait ainsi de base à tout projet qui pourrait être ensuite examiné afin de pourvoir aux intérêts des nombreux créanciers étrangers de la Régence.

Vous comprendrez bien, M. le Comte, que cette proposition, si elle avait la chance d'être prise en considération par les autres Cabinets intéressés, aurait pour effet de

faciliter leur entente sur les mesures qu'il faudrait ensuite adopter pour assurer une bonne administration financière de la Régence. Les Puissances, qui auraient enfin sous les yeux un travail exact sur la situation financière de Tunis, aviseraient aux meilleurs moyens pour garantir les intérêts de leurs sujets respectifs. Il ne s'agirait, suivant nous, pour le moment que de s'entendre pour demander au Bey l'institution d'une Commission chargée de dresser le budget actif et passif de la Régence, et de vaincre d'un commun accord les résistances que le Gouvernement Tunisien pourrait opposer à la réalisation de ce projet. A la Commission Tunisienne chargée de ce travail les Gouvernements intéressés adjoindraient comme de raison leurs délégués, afin que le travail fait sous leur contrôle eût une authenticité qu'autrement on se refuserait à lui reconnaître.

Je vous prie, M. le Comte, de soumettre ces idées à l'appréciation de Lord Clarendon, et de vouloir bien me faire connaître le plus tôt possible l'impression qu'elles auront produite sur l'esprit éclairé de sa Seigneurie.

Les nombreux entretiens que vous avez déjà eus à ce sujet avec le Principal Secrétaire d'Etat de Sa Majesté la Reine me dispensent de répéter en toutes les considérations qui nous font ajouter un prix tout particulier à ce qui peut contribuer au marabout de la situation politique actuelle dont la Tunisie est en possession. Il nous semble urgent de remédier à la situation financière de ce pays, et nous croyons que pour cela il faut commencer par constater l'état actuel des finances de la Régence. Le droit des Puissances à intervenir dans une pareille affaire est fondé dans la déplorable condition qui a été faite jusqu'à ce jour aux créanciers de la Tunisie. Ces créanciers étrangers réclamant auprès de leurs Gouvernements respectifs afin que leurs créances soient respectées, afin que le Gouvernement ou le Bey maintienne les obligations qu'il a contractées. Le droit des Puissances à réclamer est incontestable en pareille circonstance, et nous ne pensons pas que le Bey veuille opposer un refus à la demande que les Cabinets lui adresseront collectivement afin d'obtenir qu'un budget régulier de la Tunisie pût être dressé avec leur concours et sous leur contrôle.

Je vous prie de donner lecture et laisser copie de cette dépêche à Lord Clarendon, en lui faisant remarquer que ces ouvertures toutes confidentielles n'ont pour but que de préparer, par une entente entre l'Angleterre et l'Italie, le terrain favorable à une négociation avec le Cabinet des Puissances et avec le Gouvernement Tunisien.

Agreez, &c
Signé) L. F. MENABREA

No. 186.

The Earl of Clarendon to Lord Lyons.

No. 267

My Lord,

Foreign Office, March 16, 1869.

I ENCLOSE for your Excellency's information a copy of a despatch from Count Menabrea to Count Maffei,* which has been communicated to me by the latter, with reference to the question of Tunisian finance, and suggesting for the consideration of Her Majesty's Government that a proposal should be made to the Bey, in order to facilitate the ultimate arrangement of pending claims, that a statement of the financial situation of the country should be drawn up by a joint Commission, of which the Representatives of the Governments interested should form part.

I should be glad to receive your Excellency's observations on this matter; but I have at the same time to observe, that I have given no encouragement to the idea that Great Britain should act with Italy independently of France.

I should also be glad to hear from your Excellency when it may be expected that M. de Lavalette will be prepared to enter on the question of Tunisian finance.

I am, &c
Signed CLARENDON

No. 187

Lord Lyons to the Earl of Clarendon.—(Received April 9.)

No. 373 Very Confidential

My Lord,

Paris, April 8, 1869.

THE Marquis de Lavalette told me, the day before yesterday, that he wished to speak to me confidentially and quite unofficially, on the affairs of Tunis. He had, he said, been so much grieved and disturbed by the death of Madame de Lavalette,

and so much occupied by pressing official business, that he had not yet had time to go into all the details of the negotiations between his predecessor, the Marquis de Moustier, and the Tunisian Government on one side and the British and Italian Governments on the other. He had, however, learnt enough to see that the Tunisian financial question would hardly admit of any satisfactory solution.

He must confess that he was unable to anticipate any practical benefit from M. de Moustier's plan of administering the finances of Tunis by means of an International Commission. Such a Commission must, after all, employ native agents. Was there any hope that it could make them honest and efficient? Was there, in fact, any good ground to expect that the Commission would be able to effect such improvements as would make the revenue of the Regency equal to its liabilities? He would ask also, whether the European Governments who placed the Financial Administration of Tunis in the hands of an International Commission would not assume a very serious responsibility not only towards such of their own subjects as were creditors of the Bey, but also towards all claimants, native and foreign.

There were certainly plans for re-establishing the finances put forward by various empires, among whom he would mention M. Léon Roches. He had no faith in any of these plans. He would add, by the way, that he had remembered the observations I had made by your Lordship's orders, respecting the rumour that M. Roches was to be appointed Chargé d'Affaires at Tunis and would say that there was no intention on the part of the French Government to send him back to the Regency.

In fact, M. de Lavalette was very far from seeing his way to any effectual amelioration of the Tunisian finances. Still it was necessary to come to some decision. The French creditors were clamorous, and their case found warm advocates in some members of the Legislative Body.

There were two courses which might conceivably be taken by the Government.

One would be, to declare that it did not recognize the right of its subjects to involve it in difficulties with foreign States, in support of their private affairs. They had made their contracts with the Bey of Tunis without consulting the Government, and if the bargain was a bad one they had only themselves to blame. They complained that the English and Italians who had advanced money to the Bey, had taken securities which placed them in a better position than were the French; but if the French had been less provident than other lenders, this was not the fault of the Emperor's Government.

There were, however, M. de Lavalette went on to say, very serious difficulties in the way of proclaiming, as a general principle, that French holders of the bonds of foreign States were not to expect any support from their Government, if faith was not kept with them. In the present case, the difficulty was materially increased by the steps taken by M. de Moustier. M. de Moustier had, in fact, promised the French bondholders, in a letter which had been published in the newspapers, the assistance of the Government. He had also exhausted every form of remonstrance, and even of threat, in his communications with the Bey.

It was thus, M. de Lavalette observed, hardly conceivable that the French Government could now stand aloof, and leave the bondholders to their fate. To do so would be to encourage the Bey in his extravagant and fraudulent conduct, and in his determination to set the remonstrances of France at naught. Indeed, M. de Rotmiliou, the French Chargé d'Affaires, reported that, even as matters now stood, his position had become humiliating and his representations entirely fruitless.

The state of things was, M. de Lavalette said, the most perplexing, as, even if he disapproved of the proceedings of his predecessor, he would not be at liberty to disregard them. A change of an individual Minister and not of the French system warranted any breach of continuity in the policy of the Government, for which the head of the State was himself responsible.

The Tunisian question had thus come to a position in which a resort to force might seem natural and necessary; but would the use of force be of any real benefit to the bondholders? It was not to be denied that the result of any effectual coercive measures would probably be that the Regency would fall, temporarily or permanently into the hands of France. It would be idle to send a fleet from Toulon, or troops from Algeria, to demand from the Bey money which he had no means of paying. But what would be the result of a French occupation? M. de Lavalette would, for the sake of argument, lay aside all political considerations, and not take into account the offence which might be taken by foreign Powers. He would look at the matter simply in a financial point of view. If France took Tunis, she must take it with all its liabilities, not only to Frenchmen, but to other foreigners and to natives. This being

the case, he should, independently of more serious objections, look upon the seizure of Tunis as a disastrous financial operation.

I did not conceal from M. de Lavalette that it would, in my opinion, be much more disastrous as a political measure, and that it would give very great and very just offence to foreign Powers. I reminded him also that the most formal of the engagements made by the French Government in the time of his predecessor was that the question of the Tunisian debts and finances should be treated in concert with the other Governments interested in it. Lastly, I asked him whether he had really no notion of any feasible solution of the question.

M. de Lavalette answered that he had not been able to come to any decision, and that he had merely mentioned his perplexities unofficially and confidentially to me.

He added that he might very probably be called to account immediately in the Chamber, and urged by the Opposition to take possession of Tunis, but that he should endeavour to postpone the discussion until the Budget of his own Department was under consideration.

M. de Lavalette made no mention of the claim of Prussia to take part in the settlement of the Tunisian question, nor did I think it advisable at the moment to advert specially to it.

I abstained also from all allusion to the proposal contained in General Menabrea's despatch to Count Maffei of the 27th of February, a copy of which was included in your Lordship's despatch to me No. 267 of the 10th ultimo. Any appearance of a separate understanding between Great Britain and Italy would have a most unfavourable effect here, and I think that if General Menabrea's proposal is to be brought before the French Government, it should be communicated to them directly by the Italian Minister here, and that Her Majesty's Government should not pledge themselves beforehand to support it.

I doubt whether the proposal would find favour with M. de Lavalette; but if it did it would, I think, have a good effect inasmuch as the adoption of it would establish the joint action of the Powers in treating the question, and prevent, for the moment at all events, any resort to violent measures. The course I should suggest would be, that without any allusion to the previous confidential communication of it to your Lordship, the Italian Government should make a formal communication of it to the British and French Governments simultaneously. If this plan be considered advisable by the Italian Government it should be acted on without delay, in order that the proposal may be made to M. de Lavalette before he is obliged to declare himself in the Corps Législatif.

I have already said that I reminded M. de Lavalette of M. de Moustier's engagement to treat the Tunisian question in concert with the other Governments interested in it. Strictly speaking this engagement might, perhaps, be said to apply only to the matter of the proposed Financial Commission; and it might be argued that if the French Government abandoned the engagements obtained by them from the Bey, and took up the whole question *de novo*, the engagement would fall to the ground. There can, however, be no doubt that to act independently of Her Majesty's Government in this matter would be inconsistent with the confidence and cordiality with which the two Governments have hitherto dealt with each other in this and other recent questions.

M. de Lavalette particularly begged that what he said to me might be regarded as strictly confidential, and might not be treated in any way as official. I have not thought that I should be justified in abstaining from recording it in a despatch, but I am bound to request that it may not go beyond Her Majesty's Government, and, in particular, that it may not become known at Tunis or at Florence.

I have, &c.
(Signed) LYONS.

No. 188

The Earl of Clarendon to Sir A. Paget.

(Telegraphic.)

Foreign Office, April 12, 1869, 4-10 P.M.

ITALIAN Chargé d'Affaires has communicated to me General Menabrea's despatch of February 27, respecting Tunis.

Say to General Menabrea that Her Majesty's Government would recommend

separate and simultaneous official communication of views therein expressed to Italian Ministers at Paris and here for consideration of the two Governments.

No. 189

Sir A. Paget to the Earl of Clarendon.—(Received April 13.)

(Telegraphic)

Florence April 13, 1869

IN compliance with your Lordship's suggestion, Count Menabrea will make separate and simultaneous official communication to British and French Governments of views expressed in his despatch of February 27, respecting Tunis.

No. 190

Lord Lyons to the Earl of Clarendon.—(Received April 14.)

(No. 391.)

My Lord,

Paris, April 12, 1869

WITH my despatch No. 387 of yesterday I had the honour to transmit to your Lordship reports of the debate in the Corps Législatif on the Budget of the Department of Foreign Affairs. I inclose herewith further copies of the reports of those parts of the speeches of M. Jules Favre and the Marquis de Lavalette which relate to the affairs of Tunis.

I congratulated M. de Lavalette yesterday on the success of his speech, and at the same time took an opportunity of reminding him that the acceptance by Her Majesty's Government of M. de Moustier's suggestion respecting the proposed Commission on the finances of Tunis was not an acceptance "pure et simple." It was, I remarked, conditional on a satisfactory understanding being come to on the composition and functions of the Commission.

I thought it well to make this observation, because it might perhaps be inferred from M. de Lavalette's speech that he supposed that the British and Italian Governments had agreed to the details laid down in a confidential letter from his predecessor to the French Consul General which he read to the Chamber. I have marked this letter with a red line in the margin of the inclosed report of the speech.*

M. de Lavalette answered that he felt confident that he should have no difficulty in coming to a satisfactory understanding with Her Majesty's Government. I must, he said, have observed that he had been very careful in his speech not to pledge the Government of the Emperor to any particular measures. He was not indeed very sanguine as to the results of a Financial Commission such as that which was proposed, but it might perhaps collect information which would enable us to form something like a just notion of the real liabilities and real resources of the Tunisian Government.

I have, &c.
(Signed) LYONS.

Inclosure 1 in No. 190.

Extract of Speech of M. Jules Favre.

CEPENDANT, il n'est pas inutile de dire un mot, mais un mot très-décret, des deux premières questions, et d'insister, très brèvement encore, sur la troisième. Et pour que la Chambre me permette d'accomplir ce dessein aussi rapidement que possible, je la demande la permission de l'entretenir tout d'abord d'une affaire essentiellement spéciale, mais qui touche cependant de trop près à des intérêts Français trop respectables, pour que je ne prenne pas la liberté de solliciter de M. le Ministre des Affaires Étrangères des explications qui nous puissent rassurer, s'il est possible; je veux parler des négociations qui sont engagées avec la Régence de Tunis pour le paiement des intérêts en souffrance, de l'emprunt qui a été contracté par le Chef de cet Etat.

Vous vous rappelez, Messieurs, que j'ai eu l'honneur, l'année dernière, de vous entretenir de ce sujet essentiellement spécial. Je ne reviendrai pas sur son exposé, vous le connaissez, et je me contente de prendre les choses au point où nous les avons laissées.

* This letter will be found on page 152

Vous vous rappelez que l'année dernière j'ai eu l'honneur d'adresser à M. le Ministre des Affaires Etrangères, au moment de la discussion du Budget, une question sur les négociations avec la Puissance de Tunisie. M. le Ministre des Affaires Etrangères me fit connaître à cette époque que, grâce à son intervention, le Ministre du Bey avait consenti à organiser une Commission dans le but de reconstituer les finances du pays.

Assurément, si jamais une entreprise fut à la fois nécessaire et difficile, c'était bien celle que s'était proposée M. le Ministre des Affaires Etrangères.

Il serait beaucoup trop long de vous faire comprendre, même brièvement, tous les désordres, tous les vices essentiels dont est affligée l'administration de ce malheureux pays. Je pourrais dire qu'il en est encore au despotisme pur, et ceci suffirait pour justifier les condamnations les plus sévères.

Mais en ce qui concerne ses finances, il faut ajouter que le despotisme se complique du favoritisme le plus incompréhensible. Les impôts, à vrai dire, n'existent qu'à l'état patriarcal : ils se payent par les contribuables au moyen de véritables exactions. Ce sont des impôts de consommation et de monopole.

Seulement ces impôts de consommation, — je parle des impôts intérieurs, et non pas des douanes, qui d'occupent, dans la Régence, qu'une taxe tout à fait secondaire, — ces impôts de consommation et de monopole sont en général laisés aux mains de quelques fermiers, quelquefois d'un seul, qui se trouve ainsi absorber dans son propre patrimoine la totalité de la richesse publique, sauf à en rendre compte à son Souverain. Or, ce Souverain, — qui est certainement un des plus puissants sur ses sujets, puisqu'il dispose de leurs existences comme de leurs fortunes, — en matière de finances, si je suis bien informé, est l'un des moins exigeants. Il se contente en effet, pour lui et sa maison, d'une somme d'un million de francs par année; tout le reste demeure dans les mains du fermier général, qui est chargé de pourvoir à toute l'administration. Or, comme il n'y a pas d'administration, vous comprenez que la situation de ce fermier général est excellent et lui permet d'absorber la totalité des revenus de l'Etat.

C'est là, Messieurs, une constitution financière qui appelle au plus haut degré le zèle et l'intelligence des réformateurs. Et je comprends fort bien que la tentation ait été très-forte pour M. le Ministre des Affaires Etrangères, d'autant plus qu'il semblait y avoir de la part de celui qui était le plus intéressé à perpétuer ces abus, comme une tendance salutaire à les supprimer.

En effet, sans vouloir revenir sur des explications complètement inutiles, la Chambre peut se rappeler, et M. le Ministre le sait encore mieux, que c'était de la part du Ministre tout-puissant de la Régence que paraissent être venues ces idées de réformes. Elles avaient été accueillies avec une satisfaction bien naturelle, et elles devaient avoir pour conséquence, non pas seulement le bien-être des populations qui en auraient joui, mais encore et surtout, et c'était là, Messieurs, notre véritable préoccupation, le paiement des intérêts en retard. C'était une sorte de réhabilitation de la faillite à laquelle le Régent de Tunis s'est résigné de si bonne grâce.

Malheureusement ces excellentes dispositions du principal Ministre n'ont pas porté les fruits, et reprenant les choses où je les avais laissées, je demande à M. le Ministre ce qu'il est advenu depuis.

On nous a distribué, dans la communication qui nous a été faite, différentes dépêches que je ne veux pas lire à la Chambre, ayant dit que je voulais examiner toutes les questions sommairement. Probablement que la plupart des Membres de la Chambre ont pu parcourir ces documents. Voici ce qu'ils nous ont appris : c'est que M. le Ministre ne cessait pas d'être zélé pour nos intérêts, mais que, en même temps, qu'il me permette de le lui dire, il ne cessait pas d'être joué.

Ainsi, au mois de Mai 1868, alors que les négociations nous sont connues par ces documents, l'Administration Française insiste pour que le projet de réformes soit mis à exécution. Et alors, dédaignant sa pensée secrète, le principal Ministre de Son Altesse le Bey fait connaître que les réformes sont absolument impossibles, se donnant un démenti à lui-même, revenant sur ses idées de civilisation et retournant paisiblement à la barbarie. Quant à nos créanciers, Messieurs, ils sont dans l'impossibilité de se faire payer, puisque le système qui prévaut ainsi dans la Régence les prive de toute espèce de ressources.

Il est vrai que dans le contrat d'emprunt on avait stipulé des garanties. Je ne parle pas seulement de celles que pouvait inspirer, que pouvait faire naître, l'engagement d'un Prince, d'un Monarque, d'un Souverain. On avait demandé et obtenu des garanties positives, c'est-à-dire, la délégation d'une certaine nature d'impôts, et notamment de ceux qui se perçoivent sur les olives et sur les céréales.

M. le Ministre a donné à son agent les ordres les plus précis pour que la perception de ces impôts fût surveillée. Quelle a été la conséquence de sa sollicitude ?

Rien ! il faut bien l'avouer, avec les dépêches que M. le Ministre a bien voulu nous

communiquer, il a abouti, comme son honorable et regretté prédécesseur, à un complet aveu d'impuissance. Et la correspondance constate que les Tunisiens — je ne parle, bien entendu, que de ceux qui gouvernent — se moquent de nous avec le sang-froid le plus parfait.

Ainsi voilà quelle est l'analyse de ces correspondances. M. le Ministre écrit à son agent : "Vous devez surveiller la perception des impôts." L'agent va auprès du Ministre qu'on appelle le Kasnadar et lui dit : "Il ne faut pas que ces impôts soient perçus sans que le produit en soit versé dans nos mains." "C'est incontestable," répond le Kasnadar. Et, en même temps, il envoie secrètement l'ordre d'anticiper les impôts par une perception prématurée. Et quand nous faisons des observations, il nous répond : "L'impôt n'est pas perçu," alors que les malheureux propriétaires sont jetés en prison quand ils ne veulent pas l'acquiescer par avance.

Tel est le triste tableau des négociations qui ont été engagées entre le Cabinet de France et le Cabinet de Tunis, et qui aboutissent, ainsi que j'avais l'honneur de vous le dire, à cette déclaration qui est extrêmement pénible et qui cependant est la vérité même.

Je l'emprunte à la dernière dépêche que je rencontre dans ces documents ; elle porte la date du 27 Octobre, 1868, et elle se termine ainsi : —

"Nous sommes parfaitement édifiés sur la valeur de ces arguments, toujours les mêmes, toujours aussi peu admissibles ; mais quelle que soit la persistance du Gouvernement Tunisien à recourir aux moyens dilatoires, nous en apporterons une plus grande encore à faire valoir nos droits et à exiger les satisfactions qui nous sont dues. Je ne disconviens pas que la tâche qui nous incombe ne soit très-ingrate ; vous ne devez pas vous laisser rebuter cependant par la nécessité de revenir sans cesse sur les mêmes arguments et de recommencer constamment le même travail."

En bien, j'en demande pardon à M. le Ministre des Affaires Etrangères, mais ce travail a un nom dans la langue Française, et c'est l'histoire Grecque qui nous le fournit : c'est le travail de Pénélope. Il est clair que l'agent de M. le Ministre des Affaires Etrangères est animé des mêmes sentiments que lui, du même zèle, de la même sollicitude, il fait des remontrances, elles sont courtes ; on se joue de lui comme on se joue du Cabinet Français.

Dès lors, je demande à M. le Ministre des Affaires Etrangères si on se contentera d'argumenter sans cesse ; si ces arguments, qui sont toujours inconnus par ceux auxquels on les adresse, ne sont pas une véritable dérision et si on ne finit pas par désespérer à force d'espérer toujours. (Sourires sur quelques bancs.)

Telle est la situation à laquelle nous sommes réduits.

M. le Ministre veut-il qu'il en soit ainsi ? c'est la question que je prends la permission de lui adresser, et je la lui pose au nom des intérêts que je déclarais tout à l'heure très-respectables.

Je ne veux rien exagérer. Je reconnais que l'emprunt qui a été émis sur la place de Paris était accompagné de conditions et de promesses qui auraient dû écarter les hommes véritablement sages de la souscription. Mais je ne peux pas, cependant, me dissimuler ni dissimuler à la Chambre que cet emprunt n'a été possible qu'avec l'autorisation et l'attaché du Gouvernement. Le Gouvernement a la possibilité d'écarter de semblables opérations, il ne l'a pas fait.

J'aperçois de la part de MM. les Ministres un signe de désapprobation, et j'avoue qu'il me surprend. Qu'il soit impossible à MM. les Ministres d'intervenir dans les contrats privés, il n'y a aucun doute à cet égard ; mais alors qu'une Puissance étrangère s'adresse aux capitalistes Français, qu'elle demande à ce que l'emprunt soit coté à la Bourse, le Gouvernement peut opposer son veto, et il faut qu'il en soit ainsi, car il est le gardien de l'épargne Française, et il pourrait se présenter des circonstances dans lesquelles il serait non-seulement imprudent, mais encore souverainement impolitique, de permettre à une Puissance étrangère de venir puiser dans les capitaux Français.

Ainsi le Gouvernement a autorisé cette souscription. Quand je disais qu'il y avait mis son attaché, peut-être allais-je trop loin, je parlais seulement de l'attaché qui résulte de la permission donnée à ceux qui avaient ouvert la souscription, de faire coter les titres à la Bourse. Il n'en est pas moins vrai que la plupart de ceux qui ont souscrit cet emprunt sont dans la position la plus humble et qu'ils y ont compromis leur patrimoine. C'est une question vitale de que celle de savoir s'ils pourront rentrer dans ce qu'ils ont avancé. Le Gouvernement l'a senti, et je n'ai pas mis sous vos yeux, pour ne pas abuser de vos instants, la partie de la dépêche dans laquelle il déclarait qu'il comptait faire sa propre affaire de paiement des intérêts et du remboursement du capital.

C'est là, de la part du Gouvernement, un langage très-louable, et je suis bien loin de le condamner, pas plus que je ne demande au Gouvernement de faire la guerre au Bey du Tunis pour obtenir le remboursement qu'on nous refuse ; mais entre la guerre et des

remontances inutiles il peut y avoir des arguments qui ne soient plus seulement diplomatiques et qui peuvent être bons à employer.

Je demande à M. le Ministre des Affaires Etrangères, si ce n'est pas une indiscretion, quels sont ses desseins, je le lui demande, je le répète, parce que cette interrogation répond à des intérêts légitimes, à des intérêts qui sont en souffrance, qui sont alarmés, et qui ont confiance dans la sollicitude de M. le Ministre des Affaires Etrangères.

Voilà ce que je voulais dire en ce qui concerne cette question spéciale de Tunis. La Chambre me pardonnera d'avoir appelé l'attention de M. le Ministre des Affaires Etrangères sur l'état des négociations, et de lui avoir demandé s'il est possible d'espérer, dans un délai assez bref, ou du moins dans un délai quelconque, une solution favorable; car il y a déjà environ 12,000,000 arriérés sur lesquels la France n'a reçu qu'une somme de 300,000 francs.

Inclosure 2 in No. 190.

Speech of M. de Lavalette.

M. le Ministre.—S'il est quelquefois difficile de le savoir, alors que l'on a tous les moyens de contrôle, alors que les finances sont dans les mains de gens honnêtes, d'agents responsables, dont les vertus financières n'ont jamais été mises en question par personne, qu'est-ce donc pour un pays où tout n'est qu'obscurité, confusion, intrigues et dilapidations? (C'est vrai! très-bien! très-bien!)

Nous ne connaissons donc pas exactement la situation économique de la Régence de Tunis, et peut-être, si on nous avait questionnés sur ce point, aurions-nous été très-critiques pour répondre.

L'honorable M. de Moustier, mon regrettable prédécesseur, avait pris très à cœur l'intérêt de nos nationaux, il les avait défendus avec une grande énergie et tenté tout au long pour leur faire rendre justice; mais il avait échoué, il faut bien le dire — et l'honorable M. Jules Favre l'a dit avant moi — devant la mauvaise volonté du Gouvernement Tunisien, et peut-être devant les impossibilités relatives qui s'imposaient au Bey. Il y a un an le Bey avait décidé l'établissement d'une Commission qui devait être chargée d'examiner les ressources, les dépenses, les recettes de la Régence de Tunis.

Si la Chambre le permet, je lui donnerai lecture du document qui consacrait cette résolution. (Oui! oui!) Il a une très-grande importance dans la question actuelle, car il dit le dernier moyen que nous avons à notre disposition pour connaître d'une manière exacte cette situation que je viens de vous dépeindre comme si obscure. Le Bey de Tunis, au mois d'Avril dernier, avait rendu le Décret dont je vais lire quelques Articles:—

"Art. 2. La Commission sera composée de la manière suivante:

"Deux fonctionnaires nommés par le Gouvernement de la Régence,

"Deux notables élus par le corps des négociants étrangers à Tunis,

"Deux mandataires Français des porteurs d'obligations des emprunts souscrits en 1863 et 1865.

"Le premier député de la nation Française.

"Un inspecteur des finances délégué par le Gouvernement de l'Empereur, à la demande de son Aïssé.

"La Présidence honoraire sera confiée à l'un des deux fonctionnaires Tunisiens désignés par le Bey. La Vice-Présidence appartiendra à l'Inspecteur Français des Finances.

"Art. 3. La Commission est chargée de constater l'état actuel des diverses créances constituant la dette de la Régence, et les ressources à l'aide desquelles le Gouvernement du Bey serait en mesure d'y satisfaire.

"Art. 4. Cette Commission ouvrira un registre sur lequel seront inscrites toutes les dettes contractées tant à l'étranger qu'à l'intérieur, et qui consistent en teskérés, ou bons du Trésor, ainsi qu'en obligations de l'emprunt de 1863 et de celui de 1865. Pour les dettes qui ne seront pas contrôlables par des contrats publics, les porteurs de titres devront se présenter dans un délai de deux mois. A cet effet, il sera publié un avis dans les journaux de Tunis et de l'étranger.

"Art. 5. Lorsque la Commission aura besoin de prendre connaissance de tous les documents authentiques, de rentrées et des dépenses, le Ministère des Finances lui en fournira tous les moyens.

Le Décret est très-long, mais je viens d'en indiquer les principales dispositions.

La Chambre remarquera que, dans ce document, une part considérable était faite aux intérêts Français. Les créanciers étrangers se sont émus; car, en dehors de la dette

résultant des emprunts Français, il y a des créanciers pour des sommes considérables, créanciers qui sont Anglais, Italiens, et Français même. L'Angleterre et l'Italie se sont émus; elles ont exprimé le désir d'agir de concert avec nous. Mon honorable prédécesseur, M. de Moustier, a pensé qu'il était plus sage et plus prudent de s'assurer du concours de ces deux Gouvernements et de leurs Agents à Tunis, pour arriver à ce but considérable, de connaître exactement les ressources et les obligations du Gouvernement Tunisien, de faire que la Régence de Tunis rentrât dans ses voies régulières et arrivât sinon à remplir complètement ses obligations. Ce que je ne crois possible, quant à moi, — du moins à faire face, dans une certaine mesure, vu la situation déplorable où elle se trouve, aux obligations qui lui sont imposées.

Voici comment mon prédécesseur s'exprimait dans une dépêche confidentielle à notre Consul-Général à Tunis:—"La Commission que nous sommes dans l'intention de proposer formerait deux Comités. La surveillance et le contrôle seraient constitués d'une manière indépendante de l'action proprement dite. Un Comité Exécutif, composé de deux fonctionnaires Tunisiens et d'un Inspecteur des Finances Français, qui serait mis à la disposition du Bey, resterait chargé de toute la partie administrative de la tâche confiée à la Commission antérieurement décrétée par le Gouvernement Tunisien, c'est-à-dire de le débiter du budget annuel et de la centralisation des revenus. Le Comité de Contrôle serait formé des représentants des divers intérêts Français ou étrangers, dans la proportion qui serait jugée convenable, et aurait la mission de connaître de toutes les opérations du Comité Exécutif, de les vérifier et de les approuver."

Cette proposition a été faite; elle a été acceptée par l'Angleterre et par l'Italie; elle ne l'a pas encore été par le Bey de Tunis, mais j'espère que sur des représentations des trois Puissances réunies, sur les instances que nous lui adresserons, le Bey adhèrera à la seule combinaison qui lui permette de connaître exactement sa situation, et d'aviser aux moyens de faire face à toutes les obligations qui pèsent sur lui.

Telle est la condition dans laquelle nous nous trouvons. Je n'en dis pas davantage sur ce point: je ne veux m'engager à rien, si ce n'est à faire, dans la limite des intérêts légitimes, à nos yeux, des obligataires, tout ce que je pourrai pour les défendre. (Très-bien!)

Messieurs, la force de la France, sa puissance, son influence politique sont réservées, et principia, à tous les grands intérêts consacrés par les Traités, consacrés par le droit des gens, consacrés par des Conventions spéciales; elles ne peuvent être à la merci d'entreprises particulières. (Très-bien! très-bien!) Nous n'en continuerons pas moins à défendre les intérêts de nos nationaux. Une fois éclairé sur la situation de la Régence, il appartiendra au Gouvernement de décider quelle est la meilleure marche à suivre. En dire plus aujourd'hui, ce serait s'engager au-delà des limites de la prudence, et j'espère que la Chambre ne me pressera pas sur ce point. (Vives et nombreuses marques d'approbation.)

No. 191

Lord Lyons to the Earl of Clarendon.—(Received April 14.)

(No. 401.)

My Lord,

Paris, April 13, 1869

THE Marquis de Lavalette told me this afternoon that he should almost immediately send to the Prince de la Tour d'Auvergne a despatch on the affairs of Tunis to be communicated to your Lordship.

The despatch will probably contain a proposal that the two Governments should complete the arrangements for settling in fact the Financial Commission division into two sections, according to the plan of the Marquis de Moustier.

A similar proposal will probably be made to the Italian Government, but I do not think that M. de Lavalette purposes to invite Prussia to take any part in the affair.

I have, &c

(Signed) LYONS.

The Earl of Clarendon to Lord Lyons.

No. 390.

My Lord,

Foreign Office, April 15, 1869.

I HAVE received your Excellency's despatch No. 391 of the 12th instant, and I approve of your having reminded M. de Lavalette, with reference to his recent speech in the Corps Legislatif, of the actual understanding upon which Her Majesty's Government have consented to M. de Moustier's proposals for a Commission on the Tunisian Finance question.

I am, &c.
(Signed) CLARENDON

Lord Lyons to the Earl of Clarendon.—(Received April 17.)

No. 420. Confidential.)

My Lord,

Paris, April 15, 1869.

M. DESPREZ, the Political Director in the French Foreign Office, came to me to-day from the Marquis de Lavalette, and read to me confidentially a despatch on the affairs of Tunis which is about to be sent to the Prince de la Tour d'Auvergne.

The despatch refers the Prince to the previous communications which have already taken place between the French and English Governments, and directs him to represent to your Lordship that the time is come to give effect without further delay to the understanding arrived at. The particulars of this understanding are stated, if I recollect right, in very much the same terms as those used in the Memorandum given by the French Chargé d'Affaires to Lord Stanley, and communicated to me by your Lordship with his despatch No. 645 of the 27th October last. The French despatch proceeds to say that the points which remain to be settled are those relative to the controlling section of the Company. It states that the Government of the Emperor has no fixed opinion as to the number of members of which this section should be composed, but that it is inclined to think that it would be better that they should be elected by the parties interested, not appointed by the respective Governments.

This is, as well as I can remember it, the substance of the despatch which M. Desprez read to me.

I observed to him that although there were no particular expressions which struck me as objectionable, I could not help observing that the despatch appeared to take it too much for granted that the functions as well as the composition of the Administrative Section had been settled between our Governments. Now the utmost the British Government could be said to have agreed to, even tacitly, was that this section should be composed of three members, two of whom should be Tunisians and one a French financier. No arrangement had been come to respecting the precise functions of either section of the Commission, and the consent of the British Government to a French financier being employed in the Administrative Section was given only on condition that the other section should have a real power of supervision and control.

M. Desprez said that it was only fair to tell me that the French Government attached the greatest importance to the maintenance of M. de Moustier's plan respecting the composition and functions of the Administrative Section.

I answered that, on our part, we had certainly no desire to make difficulties on points of form. There were, I observed, certain principles for which we had contended all along, and what we required was, that the Commission should be so constituted as to give effect to these principles.

In the first place, we maintained that the action of the Commission should be prospective, not retrospective, and that it should not be empowered to set aside arrangements already entered into by the Tunisian Government for the security of foreign creditors, or to divert from them sources of revenue already appropriated for the liquidation of their claims.

Secondly, we required that, if the Administrative Section was composed as M. de Moustier had suggested, of two Tunisians and a Frenchman, the control of the other section should be real and effective.

Thirdly, we held that there should be perfect equality of representation as regards the different nationalities represented in the controlling section.

M. Desprez asked me what I understood by "equality of representation." I said that I meant that if there was one Frenchman there should be one Englishman, if two Frenchmen, two Englishmen, and so on.

M. Desprez said that this appeared to him to be hardly fair because the amount of the foreign loans which were held by Frenchmen was much larger than that of the "internal conversions," which were held principally by Englishmen and Italians, and thus, by this plan, the holders of the foreign loans would have only one Representative, while the holders of the conversions would have two, one English and one Italian.

I answered that Her Majesty's Government had never admitted that the amount of the claims supposed to be held by subjects of different Powers should determine the extent to which each Power should be represented in the Commissions; that as the Tunisian securities changed hands this amount might be very fluctuating, and that the interest of individuals was not to be estimated by the amount of stock held by them, that a few francs might, for instance, be more important to a poor Maltese than a million to a great Paris banking establishment. I observed also that if, as the French Government desired, we handed over the whole Administrative Section virtually to France, we were the more bound to provide our subjects with ample means of defending their interests through the controlling section.

I asked M. Desprez what course the French Government intended to take with regard to Prussia in this case.

M. Desprez said that the only claim held by Prussian subjects was that of the House of Erlanger, and this was simply a claim for a sum advanced to the Bey. It was simply an ordinary debt and certainly gave Prussia no right to be represented in a Commission whose main object was to provide for the payment of interest on funded loans. M. Desprez stated at some length arguments to show that a demand of Prussia to be represented would be inadmissible; and he said that M. de Moustier had declared this in very distinct terms to Count Schun, the Prussian Chargé d'Affaires.

I told M. Desprez that I had no desire to discuss the merits of the Prussian demand; but that I thought, as a matter of policy, it would be well for the French Government at all events to inform Prussia of what was going on. M. de Moustier had certainly conferred with Count Goltz, the Prussian Ambassador, upon the subject at the beginning, and it would at all events, he better not to have the appearance of concealing the present proceedings from the Prussian Government. That Government would be much more likely to feel hurt and offended, if it should be taken, as it were, by surprise, than if a frank explanation were given to it.

M. Desprez told me that it was not intended that a copy of the despatch he had read to me should be placed in your Lordship's hands. This despatch was, he said, simply an instruction to the Prince de la Tour d'Auvergne to speak to you on the subject of the Financial Commission, and the communication of it to me must be considered as entirely confidential and personal.

I have, &c.
(Signed) LYONS

The Earl of Clarendon to Lord Lyons.

(No. 390.)

My Lord,

Foreign Office, April 17, 1869.

I HAVE received your Excellency's despatch No. 420, Confidential, of the 16th instant, on the subject of a despatch about to be addressed by M. de Lavalette to Prince de la Tour d'Auvergne on the Tunisian finance question and which has been communicated to you by the former; and I entirely approve of the language which you have held to M. Desprez in discussing with him the various points connected with the formation of the proposed Commission.

I am, &c.
(Signed) CLARENDON

M. de Lavalette to Prince de la Tour d'Auvergne.—(Communicated to the Earl of Clarendon by Prince de la Tour d'Auvergne, April 19.)

Prince,

Paris, le 16 Avril, 1869.

LES explications que j'ai été appelé à donner au Corps Législatif au sujet des affaires de Tunis vous ont déjà instruit des intentions du Gouvernement de l'Empereur relativement à la proposition faite par mon prédécesseur au Cabinet Anglais. Vous vous rappelez que M. le Marquis de Monnier avait suggéré cette combinaison dans le désir de tenir compte des observations qui nous avaient été présentées sur la composition de la Commission décidée par le Décret du Bey, en date du 4 Avril de l'année dernière. L'on avait reproché à cet acte de ne pas faire une place suffisante dans le sein de la Commission aux intérêts étrangers qui devaient y être représentés à côté des intérêts Français. Le Ministre des Affaires Etrangères de l'Empereur s'est appliqué à satisfaire dans la mesure du possible à cette objection, et c'est avec la persuasion que l'arrangement nouveau élaboré par lui y répondait pleinement qu'il a fait la proposition à laquelle il s'agit de donner suite aujourd'hui.

La Commission se subdiviserait en deux Comités: l'un composé de deux fonctionnaires Tunisiens et d'un Inspecteur des Finances Français qui serait mis à la disposition du Bey par le Gouvernement de l'Empereur; ce Comité resterait chargé, sous le nom de Comité Exécutif, de toute la partie administrative de la tâche confiée à la Commission décrétée par le Bey. Le second Comité des représentants des divers intérêts Français et étrangers, aurait pour mission d'exercer un contrôle direct sur les opérations du Comité Exécutif. Le Cabinet de Londres ainsi que celui de Florence ont accepté ce projet en principe, et il ne reste plus aujourd'hui pour en compléter l'économie qu'à régler quelques points secondaires réservés à une entente ultérieure.

La tâche et la composition du Comité Exécutif sont nettement définies dans la correspondance antérieure du Département avec l'Ambassade, et je ne puis mieux faire en ce moment que de m'y référer. La présence d'un Inspecteur des Finances Français désigné par le Gouvernement de l'Empereur et nommée par le Bey à côté de deux fonctionnaires Tunisiens également nommés par ce Prince a été pour nous la condition même du nouvel arrangement. Quant au Comité de Contrôle nous nous sommes bornés à en indiquer la compétence en déclarant que nous étions prêts à faire aux intérêts étrangers, dans sa composition, la part qui nous paraissait légitime. Tel est le point sur lequel nous avons à nous entendre aujourd'hui avec le Gouvernement Anglais et le Gouvernement Italien.

Quel sera le nombre des membres appelés à faire partie de ce second Comité? Seront-ils choisis par les Gouvernements ou par les intéressés eux-mêmes? Sur la première de ces deux questions, c'est-à-dire, sur le nombre des délégués, nous n'avons aucune opinion arrêtée et nous attendons pour l'examiner les propositions qui nous seront faites. Sur la deuxième question, c'est-à-dire, sur la désignation des délégués, nous inclinons à penser qu'il serait désirable d'en laisser le soin et la responsabilité aux intéressés eux-mêmes. Inventés ainsi d'un moyen de surveillance direct sur les arrangements qui les concernent, ils y trouveraient une garantie nouvelle et seraient plus disposés à faciliter la solution des difficultés dont ils auraient été mis à portée d'apprécier plus sûrement l'étendue.

Je vous prie d'exposer ces considérations à Lord Clarendon, et de lui dire que le Cabinet Français est prêt à compléter, par une entente définitive sur les détails, l'accord déjà établi sur le principe. Nous sommes tenus par les déclarations faites devant la Chambre des Députés à poursuivre, sans perdre de temps, l'établissement de la Commission ainsi divisée en deux Comités, d'après la proposition de M. de Monnier, et nous désirons arriver le plus tôt possible à cet égard à un résultat pratique.

Agréez, &c.
(Signé) LAVALETTE.

The Earl of Clarendon to Lord Lyons.

(No. 418)

My Lord,

Foreign Office, April 21, 1869

I HAVE to state to your Excellency with reference to your despatch No. 420 of the 10th instant, that the French Ambassador communicated to me, on the 19th, M. de Lavalette's despatch on the subject of the Tunisian Finance Commission, and I now forward a copy of it to your Excellency for your information.

I have seen the French Ambassador again to day, when I told him,—

1. That Her Majesty's Government abided by the agreement that there should be two Commissions, one of administration, the other of control;

2. That the former should be composed of two Tunisians and one French financier not in the employment of the French Government;

3. That the latter should be composed of Representatives in equal numbers of the Powers whose subjects are interested, and of Tunisians;

4. That the functions of the Administrative Commission should be prospective, and should not extend to settling aside arrangements already entered into by the Tunisian Government for the security of foreign creditors, or to diverting from them sources of revenue already appropriated for the liquidation of their claims;

5. That the authority of the controlling section should be real and effective, and that all parties should be equally represented in it.

I stated to the French Ambassador that, as regards the numbers of the members of the Commission of Control, it appeared to me of no great consequence whether each nationality was represented in it by two or more Commissioners, so long as care was taken not to make the aggregate number so large as to be a source of embarrassment, and I added that the idea of M. de Lavalette that the Commissioners in this section should not be nominated by the Governments, but chosen for each nationality by the parties interested, from residents in Tunis, might probably be acted upon advantageously if suitable persons could be found in Tunis—a point which could easily be ascertained. Of course, I said, the members of the Administrative Commission could not act also as Members of the Commission of Control.

I thought it right, however, to state to the French Ambassador that, although these were the views of Her Majesty's Government, yet if the Italian Government had any other and different suggestions to offer, they ought, in my opinion, to be considered; and I observed moreover that I was of opinion that an opportunity should be afforded to the Prussian Government of causing North German interests to be represented in the Commission of Control, if it should consider it to be desirable.

I am, &c.
(Signed) CLARENDON

Lord Lyons to the Earl of Clarendon.—(Received April 23.)

No. 453.)

My Lord,

Paris, April 22, 1869

AN article appeared in some of the Paris papers last night, stating that the "conversion" of the Tunisian Debt was an accomplished fact, a contract having been signed by the Bey with the bankers connected with the Comptoir d'Escompte at Paris.

The Marquis de Lavalette called my attention to the article this afternoon. He told me that a contract had in fact been signed, but without his sanction or knowledge, and that he had sent a notice to be inserted in the newspapers this evening, declaring that the contract was not authorized by the French Government. I propose writing more fully to your Lordship on this subject to-morrow.

I have, &c.
(Signed) LYONS

Count Menabrea to Count Maffei.—(Communicated to the Earl of Clarendon by Count Maffei, April 24.)

M. le Comte,

Florence, le 16 Avril, 1869

VOUS savez que les pourparlers qui ont eu lieu entre les différents Cabinets sur les affaires concernant l'administration financière de la Tunisie n'ont amené jusqu'à ce jour aucune solution définitive de la part des Gouvernements intéressés. Nous avons eu le regret de devoir constater que la situation financière de la Régence tendait à s'aggraver de plus en plus par suite du retard des Puissances à se mettre d'accord sur le parti qu'il fallait adopter afin de préserver d'une manière équitable les droits de tous les créanciers étrangers de la Tunisie.

Inclosure in No. 199.

Extract from "La France" of April 23, 1869.

NOUS recevons la communication suivante :—

"Plusieurs journaux annoncent qu'un arrangement aurait été signé le 18 de ce mois avec le Gouvernement Tunisien et un grand établissement financier de Paris, pour la conversion des dettes de la Régence. L'exécution du Traité serait placée sous la sauvegarde et la surveillance de la France, de l'Angleterre, et de l'Italie.

"Le Gouvernement Français n'a pas eu jusqu'à présent connaissance officielle de l'acte dont il s'agit, et il n'a pu, par conséquent, accepter, en ce qui le concerne, aucun arrangement à ce sujet.

No. 200.

Lord Lyons to the Earl of Clarendon.—(Received April 24)

(No. 460. Confidential.)

My Lord,

Paris, April 23, 1869.

I HAVE the honour to transmit to your Lordship herewith a copy of the contract for the conversion of the Tunisian debt mentioned in my immediately preceding despatch No. 459 of this date. The Marquis de Lavalette, from whom I received it, begged that it might be treated as strictly confidential.

The first article provides for the conversion of all the Tunisian debts into one consolidated stock.

M. de Lavalette said that he had been told that the English and Italian creditors as well as the French creditors had agreed to this arrangement. He had not, however, received any official information on the subject, and he did not feel sure that the English and Italian creditors had actually consented to give up their special securities. If they had really done so, the contractor might very much facilitate a settlement of the question which had given us so much trouble.

There were, however, other points in the contract which must be carefully scrutinized. The last Article but one spoke of placing the new engagements of the Bey under the "sauvegarde" of the friendly Powers, and the last Article stipulated that difficulties were to be submitted to the arbitration of the representatives at Tunis of the friendly Powers.

In the first place M. de Lavalette thought the greatest caution would be requisite in considering any stipulation which threw, even in appearance, upon the French and other Governments any responsibility for the Tunisian debts.

In the second place, he objected to the vague designation of "friendly Powers." He was entirely opposed to admitting any Powers to a share in the transaction except England and Italy. No good result could be expected if the whole Consular body at Tunis was to take part in treating the questions which would arise.

I said that if the English and Italian creditors were willing to give up their special securities and throw their claims into a common stock with the French, the tasks of their respective Governments would certainly be very much simplified now and hereafter, but that if they were not, this new contract, like others of a similar character which had preceded it, must fall to the ground.

I think, indeed, that if the English and Italian creditors are of opinion that a share in the securities given for the payment of the new loan is of equal value with the securities they now hold exclusively, it would be a very great advantage to them to identify themselves with the French creditors, and thus ensure to themselves the full support of the French Government, to which the vicinity of its African possessions must give especial influence at Tunis.

I have, &c.
(Signed) LYONS

Un examen approfondi de la question, ainsi qu'une étude consciencieuse des différents incidents qui se sont produits dans cette affaire, nous porte à croire que la mesure la plus urgente et la plus avantageuse que le Gouvernement de Tunis devrait adopter dans son propre intérêt consisterait à instituer une Commission Internationale chargée de dresser le bilan de la situation financière de la Régence. Les données que l'on possède aujourd'hui sur la situation financière de la Tunisie sont en effet trop vagues pour qu'il soit possible d'espérer que des capitalistes sérieux veuillent se présenter pour faire avec le Gouvernement du Bey des opérations sans lesquelles le Trésor Tunisien ne pourrait sortir, même provisoirement, de l'état de déresse dans lequel il se trouve. La connaissance exacte de l'état des finances de Tunis étant un élément indispensable pour rendre possible une opération future, il nous semble que les constatations nécessaires à cet effet devraient être faites par une Commission convoquée par le Bey, dans laquelle les Gouvernements principalement intéressés se feraient représenter par leurs Commissaires respectifs.

Le mandat confié à cette Commission devrait être limité, pour le moment, à la constatation des ressources de la Tunisie et des charges qu'elle s'est imposées par ses contrats intérieurs. Il devrait être convenu entre les Puissances qui prendraient part à ces arrangements et le Gouvernement du Bey, que celui-ci s'interdirait la faculté de contracter de nouveaux emprunts, de faire de nouvelles concessions de titres quelconques, et de contracter en général d'autres charges et obligations, soit à l'intérieur soit à l'étranger, avant que les travaux de la Commission Internationale ne soient achevés.

Les Gouvernements intéressés à la conservation de la situation politique dont la Tunisie est actuellement en possession devraient selon nous se réserver la faculté d'aviser aux meilleurs moyens de garantir les intérêts de leurs sujets respectifs dès que le résultat des travaux de la Commission leur fournirait une base exacte pour établir la mesure dans laquelle le Gouvernement du Bey pourrait être obligé de satisfaire aux engagements contractés en son nom.

Une entente de tous les Cabinets intéressés deviendrait assurément beaucoup plus facile sur ce second point dès que les travaux de la Commission auraient éclairci les éléments nécessaires à la discussion.

Il nous semble qu'il ne devrait point être difficile aux Cabinets principalement intéressés dans cette affaire de formuler sur ces bases une proposition au Gouvernement Tunisien dans une forme identique. Nous sommes convaincus qu'une démarche simultanée des Agents des Puissances pour demander au Bey son adhésion à un projet conçu sur les bases sus-énoncées ne devrait rencontrer aucune opposition de la part du Gouvernement Tunisien, qui ne devrait voir dans l'attitude des Puissances qu'une nouvelle preuve de l'intérêt qu'elles portent à concilier le respect des droits de leurs sujets respectifs avec la nécessité de préserver la Tunisie des dangers que pourrait lui faire courir une catastrophe économique et financière.

Je vous prie, M. le Comte, de faire connaître ces propositions à sa Seigneurie Lord Clarendon, en lui faisant remarquer qu'elles nous sont inspirées, non seulement par l'intérêt que nous attachons à régler d'une manière définitive les affaires financières de nos nationaux avec le Gouvernement Tunisien, mais aussi par le désir de trouver, de concert avec les Puissances intéressées, une solution également satisfaisante pour tous dans une affaire au règlement de laquelle nous attachons un grand prix.

Veuillez donner lecture de cette dépêche à sa Seigneurie Lord Clarendon et lui en laisser copie s'il le désire.

Agréé, &c.
(Signed) L. F. MENABREA.

No. 199.

Lord Lyons to the Earl of Clarendon.—(Received April 24.)

(No. 459.)

My Lord,

Paris, April 23, 1869.

IN my despatch No. 453 of yesterday I had the honour to report to your Lordship that the Marquis de Lavalette had informed me that he had sent a notice to be inserted in the newspapers to the effect that a contract which was reported to have been signed for the conversion of the Tunisian debt was not authorized by the French Government.

I have now the honour to transmit to your Lordship herewith a copy of this notice.

I have, &c.
(Signed) LYONS.

Inclosure in No. 900.

Draft of Contract for the Conversion of the Debts of the Tunisian Government.

ARTICLE I.

LES dettes extérieures et intérieures du Royaume de Tunis seront converties en une dette unique portant le même intérêt.

Cette dette sera inscrite sur un grand livre qui portera la dénomination de Grand Livre de la Dette Publique du Royaume de Tunis, et dont l'administration sera confiée à un fonctionnaire de l'Etat.

ARTICLE II.

Pour réaliser l'unification de la dette dont il vient d'être parlé, il sera créé par le Gouvernement Tunisien 300,000 obligations au capital nominal de 500 piastres chacune, portant intérêt annuel de 6 pour cent, soit 30 piastres, payable à Paris et à Tunis à raison de 15 piastres par semestre, les 31 Décembre et 30 Juin de chaque année, le premier semestre d'intérêts devant échoir et être payé le 31 Décembre, 1869.

Ces titres seront remboursables en 50 ans par voie de tirages au sort qui auront lieu à Paris par les soins des contractants et en présence d'un délégué du Gouvernement Tunisien, les 30 Novembre et 31 Mai de chaque année.

Le premier tirage s'effectuera le 31 Mai, 1870.

Les titres sortis seront remboursés à Paris et à Tunis un mois après tirage.

ARTICLE III.

Les obligations seront émises par l'entremise des contractants agissant pour le compte du Gouvernement Tunisien au prix de

ARTICLE IV.

Le Gouvernement Tunisien s'engagera à payer chaque année pendant toute la durée de l'opération, soit 50 années, une annuité fixée à forfait à 9,500,000 piastres, comprenant d'une part l'intérêt et l'amortissement, et d'autre part les frais d'administration et tous autres que nécessiteront le recouvrement des revenus et impôts dont il sera parlé ci-après, les envois des fonds de Tunis à Paris, les tirages semestriels, ainsi que le paiement des intérêts et des obligations sorties.

Cette annuité sera payable en deux termes égaux de 4,750,000 piastres chacun, le 31 Octobre et le 30 Avril.

Le premier paiement aura lieu le 31 Octobre, 1869, et le dernier le 30 Novembre, 19

ARTICLE V.

Le Gouvernement affectera spécialement à la garantie et au paiement de chacune des cinquante annuités ci-dessus de 9,500,000 piastres, les recettes à provenir des diverses branches de ses revenus ci-après désignées, savoir :—

	Piastres.
Les fermages pour	8,000,000
Le timbre	1,000,000
Divers droits de sortie	5,000,000
L'impôt personnel	2,000,000
Les droits sur céréales	1,500,000
Total égal	17,500,000

Il sera authentiquement établi que le rendement de chacune de ces diverses branches de revenus est au moins égal à la somme pour laquelle il figure dans les 17,500,000 piastres ci-dessus affectées au paiement de chaque annuité. Cette constatation sera faite par le Gouvernement Tunisien et confirmée par le témoignage officiel des Représentants des Puissances amies du Gouvernement résidant à Tunis.

ARTICLE VI.

Les contractants ou leur représentant à Tunis seront investis à partir du prochain, et pendant toute la durée de l'opération, du droit de percevoir directement les droits de timbre de Douanes, et de toucher les autres revenus et impôts des mains des Agents du Gouvernement ou des adjudicataires chargés de leur perception.

A cet effet, le Gouvernement Tunisien s'engage à rendre tous décrets, à stipuler notamment dans les contrats d'adjudication de fermages ou autres revenus que le montant en sera versé directement entre les mains des contractants ou de leur représentant, et généralement à prendre toutes les mesures qui seraient réclamées par les dits contractants pour leur faciliter l'encaissement des revenus et impôts ci-dessus mentionnés.

ARTICLE VII.

Le Gouvernement s'interdit de contracter aucun emprunt public ou privé pendant un délai de six années à partir de ce jour. Toutefois si des raisons d'intérêt général le mettaient dans la nécessité absolue de recourir au crédit avant l'expiration de ce terme, il ne pourrait emprunter que dans la stricte limite de ses besoins et de manière à ce que les nouveaux prêteurs n'aient rien à prétendre sur les revenus et impôts spécialement et exclusivement affectés au paiement des intérêts et de l'amortissement des 300,000 obligations à émettre.

ARTICLE VIII.

La conversion des titres de toute nature émis par le Gouvernement Tunisien jusqu'à ce jour s'effectuera sur les bases et aux conditions suivantes :—

Les obligations de 1863 et de 1865 seront reçues en paiement des titres de la nouvelle émission, savoir, le capital de l'obligation pour et les coupons arriérés pour leur montant effectif, augmenté des intérêts de retard calculés au taux de 6 pour cent.

Celles de ces obligations qui sont sorties aux tirages précédents et n'ont pas été remboursées, ainsi que celles qui sortiront aux tirages restant à effectuer avant la conversion, seront reçues, en paiement des obligations nouvelles, pour une somme de 500 francs chacune, augmentée des intérêts à 6 pour cent à partir des époques où elles auraient dû être remboursées.

Dans les deux cas qui précèdent l'excédant de valeur de l'obligation ancienne sur le prix d'émission de l'obligation nouvelle sera remboursé en un bon payable par les contractants le 30 Septembre, 1869, et que ceux-ci auront la faculté d'escompter moyennant une bonification de 6 pour cent.

Les titres de la dette intérieure et les teskérés en circulation à Tunis, principal et intérêts en retard compris, seront également reçus en paiement des obligations nouvelles dans les proportions suivantes, savoir :—

ARTICLE IX.

Ne seront admises au bénéfice des dispositions de l'Article qui précède, que les titres de la dette ancienne qui se présenteront à la conversion dans le délai de trois mois, à partir de l'ouverture de la souscription aux obligations nouvelles.

ARTICLE X.

Les contractants chargés de l'opération s'engageront à prendre ferme des obligations au cours de pour un capital nominal de et à payer sur le prix de cette souscription les soultes à rembourser aux porteurs des anciens titres, d'après les bases ci-dessus indiquées.

Il sera alloué aux contractants, à titre de forfait et pour les couvrir des frais et risques de toute nature auxquels donnera lieu l'opération, une commission de calculée sur le capital nominal des 300,000 obligations à émettre, soit sur 150,000,000 de francs.

ARTICLE XI.

Les titres de la nouvelle dette seront libellés en Arabe et en Français, et mentionneront expressément les garanties affectées au service des intérêts et de l'amortissement.

Ils seront au porteur et seront signés par le Ministre de Finances, le Directeur de la Dette Publique, et par un Contrôleur délégué par les contractants.

Ils seront confectionnés aux frais du Gouvernement Tunisien, et seront délivrés aux contractants le au plus tard

ARTICLE XII.

Les frais de confection des nouveaux titres, le coût du timbre Français, ainsi que la commission stipulée par l'Article X et les soultes à payer en espèces aux porteurs des

anciens titres, conformément aux paragraphes 2 et 3 de l'Article VIII, seront prélevés sur la partie des obligations prises ferme par les contractants.

ARTICLE XIII.

Si deux mois avant chaque échéance semestrielle les encaissements effectués par les contractants ne s'élevaient pas à 4,750,000 francs, le Gouvernement payerait immédiatement la différence nécessaire pour le paiement des intérêts et l'amortissement.

Si au contraire le produit de ces encaissements dépassait 4,750,000 francs, le surplus serait porté dans un compte de réserve dont on déterminera l'importance, et la somme excédant la limite fixée serait versée entre les mains du Gouvernement Tunisien.

ARTICLE XIV

Enfin, pour donner à ces créanciers la plus entière sécurité, le Gouvernement Tunisien fera connaître officiellement aux Représentants des Puissances amies résidant à Tunis les engagements par lui pris au présent Décret, et leur déclarera qu'il en place la loyale exécution sous leur sauvegarde.

ARTICLE XV.

Si des difficultés s'élevaient entre le Gouvernement Tunisien et les contractants sur l'interprétation et l'exécution du contrat, elles seront soumises à l'arbitrage des Représentants des Puissances amies résidant à Tunis, qui statueront comme amiables compositeurs et en dernier ressort.

No. 201

Mr. Wood to the Earl of Clarendon.—(Received April 24.)

(Telegraphic.)

Tunis, April 22 1869

DECRETE promulgated by Bey for compulsory unification of debts undertaken by Comptoir d'Escompte of Paris, annulling contracts, and withdrawing pledges given to British and Italian creditors as conditions of unification, amount to confiscation of foreign property. Italian Government has instructed its Representative to protest formally; am I to follow a like action for protection of British interests imminently endangered?

No. 202

The Earl of Clarendon to Mr. Wood.

(Telegraphic.)

Foreign Office, April 24, 1869

JOIN with the Italian Representative, and with the French also, if he should be so instructed, in protesting against any financial operation on the part of the Tunisian Government which should in any way impair or set aside the securities already conceded to British creditors on the Regency, without their full and unreserved consent; and inform the Bey that any arbitrary arrangement at variance with those now existing in behalf of British creditors will neither be accepted nor acquiesced in by the British Government.

No. 203

The Earl of Clarendon to Sir A. Paget.

(Telegraphic.)

Foreign Office, April 24, 1869, 6-30 P.M.

DECRETE promulgated by the Bey for compulsory unification of debts undertaken by the Comptoir d'Escompte at Paris, annulling contracts, and withdrawing pledges given to British and Italian creditors as condition of unification, amounting to confiscation of foreign property. Italian Government has instructed its Representative to protest formally.

I have instructed Mr. Wood, in reply, to join with the Italian Representative and with the French also, if he should be so instructed, in protesting against any financial operation on the part of the Tunisian Government, which should in any way impair or

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set aside the securities already conceded to British creditors on the Regency, without their full and unreserved consent, and to inform the Bey that any arbitrary arrangement at variance with those now existing, in behalf of British creditors, will neither be accepted nor acquiesced in by the British Government.

No. 204.

The Earl of Clarendon to Lord Lyons.

(No. 437. Confidential)

My Lord,

Foreign Office, April 24, 1869

I HAVE received your confidential despatch No. 400 of the 23rd of April, inclosing a copy of a contract, placed in your hands confidentially by M. de Lavalette, for the consolidation of the Tunisian debt. It appears from your previous despatch No. 450 that a notice had been issued by the French Government that their control was not authorized by them; but it would seem from M. de Lavalette's language reported in your despatch No. 400, that he was inclined to think it might facilitate the settlement of questions relating to Tunisian finance if the French and Italian creditors had actually consented to give up their special securities, although, even in that case, there were some provisions in the contract apparently involving the liability of the foreign Government, which appeared to him open to question.

I have, however, just received from Mr. Consul-General Wood a telegram to the following effect:—"Decree promulgated by Bey for compulsory unification of debts undertaken by the Comptoir d'Escompte at Paris, annulling contracts, and withdrawing pledges given to British and Italian creditors as conditions of unification, amounting to confiscation of foreign property. Italian Government has instructed its Representatives to protest personally." And Mr. Wood asks whether he is also to protest for the protection of British interests imminently endangered.

I was on the point of replying to your Excellency's despatches, by desiring you to thank M. de Lavalette for his communication, and to say that as soon as the views of the foreign creditors on Tunis are ascertained, Her Majesty's Government will, in the event of those views being favourable to the scheme, be prepared to consider with the French and Italian Governments any points in it which, in the interests of the several Governments, should be provided for.

Mr. Wood's telegram seems to indicate that his views and those of the Italian Government are adverse to the scheme, and, therefore, pending any further communications with the French Government, I have at once instructed Mr. Wood by telegraph to "join with the Italian Representative, and with the French also if he should be so instructed, in protesting against any financial operation on the part of the Tunisian Government which should in any way impair or set aside the securities already conceded to British creditors on the Regency without their full and unreserved consent, and inform the Bey that any arbitrary arrangement at variance with those now existing in behalf of British creditors, will neither be accepted nor acquiesced in by the British Government."

You will inform M. de Lavalette of the instruction thus sent to Mr. Wood.

I am, &c.
(Signed) CLARENDON

No. 205.

Mr. Wood to the Earl of Clarendon.—(Received April 25.)

(No. 12)

My Lord,

Tunis, April 14, 1869.

I HAVE the honour to report that the Director of the Comptoir d'Escompte of Paris, M. Pinard, has deputed Agents to treat with the Bey's Government for the unification of its foreign and interior debts, and that the negotiations are being actively carried on in consequence of telegraphic intelligence having been received from Paris to the effect that the Marquis de Lavalette had, in his reply to the interpellation of M. Jules Favre in the Chambers, spoken in terms of great severity against the Tunisian Government.

On being made acquainted with these circumstances by the Bey, I waited upon
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him and endeavoured to dissuade His Highness from hastily giving his sanction to any fresh financial operation which might again create embarrassing questions. I dwelt upon the fact that the Tunisian Government was already engaged, in virtue of no less than five contracts, to fulfil certain obligations in behalf of its creditors; and that any attempt, therefore, to cancel these contracts for the purpose of evading those obligations would be construed as an act of bad faith, and would be resisted accordingly. I admitted that the unsatisfactory state of Tunisian affairs had produced clamour and irritation in France, which, however, might have been obviated by a more loyal adherence to existing engagements; but in making this admission with regret I experienced much difficulty to understand how an ill-judged financial combination could appease the complaints of those whose interests it was calculated to injure by the deprivation of the pledges that were given to, and accepted by, them in good faith. While, therefore, the projected operation would neither improve the position of the Tunisian Government in regard to its creditors, nor bring to it any real and substantial relief, it was prudent and desirable that His Highness should pause before he sanctioned it, and before he yielded to the fear that the capitalists were endeavouring to create by the transmission of alarming intelligence as to the unfriendly intentions of the French Government, with no other object than that of seconding and accelerating the negotiations undertaken by their Agents in Tunis; and that, in short, such was the doubtful issue of the whole matter that it bore more the character of a stock jobbing transaction than of a serious financial combination.

I discussed the question, during a prolonged interview, in all its bearings, and I submitted to the appreciation of His Highness such considerations as I conceived would give him a clearer insight into certain matters that ought to influence the action of his Government in existing circumstances.

Although my observations were not lost upon His Highness, yet I scarcely venture to predict a favourable result in the presence of the strenuous efforts that are being made by M. Pinard and his coadjutors to induce the Tunisian Prime Minister to accept apparently alluring proposals, but the ultimate consequences of which he is unable to calculate and foresee.

I have, &c.
(Signed) RICHARD WOOD.

No. 206.

Lord Lyons to the Earl of Clarendon.—(Received April 25.)

No. 106.

My Lord,

Paris, April 24, 1869.

I RECEIVED this morning from the French telegraph office a copy of the telegram (bearing date Malta, 24th of April, 11 A.M.) by which Mr. Wood informs you of Lordship that the Bey of Tunis has promulgated a Decree for the compulsory unification of the Tunisian debts.

I mentioned this telegram to the Marquis de Lavalette this afternoon, with reference to the conversation I had had with him, and I observed to him that the assertion which had been made to him that the English and Italian creditors had agreed to the contract made under the auspices of the French "Comptoir d'Escompte" was plainly unfounded. This contract was, I said, merely a fresh endeavour of the Bey, in league with foreign speculators, to confiscate the securities he had given to certain classes of his foreign creditors.

M. de Lavalette said that the French Government had nothing whatever to do with this contract, and reminded me that as soon as it came to his knowledge he published a notice in the newspapers declaring that it was not authorized by the Government of the Emperor. He added that this act of private individuals could not in the least modify the engagements of the Emperor's Government towards the Governments of England and Italy.

He went on to say that he had just expressed himself to the same effect to the Chevalier Nigra, the Italian Minister.

M. Nigra had, he said, communicated to him a proposal from the Italian Government on the subject of the Tunisian Finances. He had not had time to examine this proposal carefully, but it did not appear to him to differ essentially from the scheme already under consideration for ascertaining the condition of the Tunisian finances by means of a Mixed Commission.

I have, &c.
(Signed) LYONS.

No. 207.

Lord Lyons to Mr. Hammond.—(Received April 23.)

(Private.)

My dear Hammond,

Paris, April 24, 1869.

IN Lord Clarendon's despatch to me No. 418 of the 21st, it is stated "that Her Majesty's Government abide by the agreement made between your Excellency and the Marquis de Moustier." I would suggest the omission of the words "made between your Excellency and the Marquis de Moustier."

In fact, the only parts of the communications which can, strictly speaking, be said to constitute an "agreement" took place, not between M. de Moustier and me, but between Lord Stanley and the Prince de la Tour d'Auvergne and the Vicomte de St. Perriol. See, among other despatches, Lord Stanley's Nos. 328, 353, and 415 of 1868.

Yours, &c.
(Signed) LYONS.

No. 208.

The Earl of Clarendon to Mr. Wood.

(No. 9.)

Sir,

Foreign Office, April 26, 1869.

I APPROVE the language which, as reported in your despatch No. 12 of the 14th instant, you have held to the Bey of Tunis on the subject of the negotiations for the unification of the debts of the Tunisian Government entered into between His Highness and the Comptoir d'Escompte of Paris.

I am, &c.
(Signed) CLARENDON.

No. 209.

Sir A. Paget to the Earl of Clarendon.—(Received April 26.)

(Telegraphic.)

Florence, April 26, 1869.

I HAVE acquainted Secretary-General for Foreign Affairs with instructions sent to Mr. Wood, respecting unification of Tunisian debt, and requested him to inform Count Menabrea.

No. 210.

M. de Lavalette to Prince de la Tour d'Auvergne.—(Communicated to the Earl of Clarendon by Prince de la Tour d'Auvergne, April 29.)

Prince,

Paris, le 28 Avril, 1869.

DANS le dernier entretien qu'il a eu avec vous au sujet des affaires de Tunis, le Principal Secrétaire d'Etat de la Reine a maintenu d'adhésion déjà donnée en principe par le Gouvernement Britannique à la combinaison que nous avons suggérée pour assurer la réorganisation du système financier de la Régence. Il a également admis la convenance de laisser aux intéressés le soin de désigner les délégués chargés de surveiller leurs intérêts au sein du Comité de Contrôle, en indiquant qu'il pourrait y avoir lieu de limiter à deux le nombre des Représentants de chacune des trois nationalités appelées à en faire partie, et en établissant nettement l'incompatibilité des fonctions respectivement attribuées aux membres des deux Comités. Nous reconnaissons pleinement la valeur pratique de ces suggestions. Elles ont pour objet d'assurer aux opérations de la Commission un caractère plus certain de promptitude et de loyauté, et à ce double point de vue elles ne pouvaient manquer d'obtenir notre assentiment. Nous croyons toutefois qu'il n'y a pas lieu d'admettre dans le sein du Comité de Contrôle de délégués appartenant à aucune autre nationalité. En poursuivant la formation d'une Commission Financière nous n'avons eu en vue que l'établissement d'une représentation des dettes constituées de la Régence. Nous ne pourrions nous écarter de ce principe sans ouvrir l'accès de la Commission à des réclamations individuelles qui détruiraient toute l'économie de notre projet en multipliant

les délégués et en introduisant un fâcheux élément de confusion entre des intérêts aussi différents par leur origine que par leur importance. Il y a tout avantage à nous tenir dans les limites tracées dès l'origine par la nature même des choses, et à ne point compromettre par une dangereuse condescendance les résultats que nous poursuivons.

En ce qui touche l'entente à établir avec le Gouvernement Italien, nos démarches avaient de vaincu le vœu qui vous en a été exprimé par Lord Clarendon, et j'avais communiqué à M. de Malarret, dès le 6 de ce mois, en l'invitant à en entretenir le Général Menabrea, les vœux exposés dans la dépêche que je vous adressai en date du même jour. De son côté le Cabinet de Florence, avant d'en avoir eu connaissance, chargeait son Représentant à Paris de me faire part d'une nouvelle proposition émanant de son initiative, et tendant à substituer une Commission Internationale à celle dont nous avons tracé les bases de concert avec l'Angleterre et l'Italie elle-même. Vous trouverez ci-jointe copie de la dépêche que M. Nigra a reçu à ce sujet de son Gouvernement, ainsi que d'un rapport de M. de Malarret, que je vous envoie pour votre information personnelle. Je ne crois pas nécessaire de faire ressortir les inconvénients de la combinaison suggérée par le Gouvernement Italien. Elles auraient pour effet d'attribuer aux trois Cabinets la responsabilité exclusive des arrangements à intervenir, et elle paraît ainsi s'être inspirée d'une pensée toute différente de celle qui a prévalu dans le cours des pourparlers antérieurs. Vous verrez au surplus par la dépêche de M. Malarret que le Général Menabrea ne se montre pas disposé à donner trop d'importance à cette démarche, et nous avons lieu d'espérer qu'il n'insistera pas pour qu'elle soit prise en considération. C'est au milieu des préoccupations relatives à la formation de la Commission que nous avons appris la conclusion d'un arrangement nouveau à Tunis en vue de régler la situation financière de la Régence. Le rapport ci-joint de notre Consul-Général témoigne qu'il y est demeuré complètement étranger, et qu'il l'a même ignoré jusqu'au dernier moment. Il est borné, non me il l'avait au moins, à refuser réception de la communication qui lui en a été faite et il a évité tout ce qui pourrait être interprété dans le sens d'une approbation des dispositions arrêtées par le Bey. J'ai de mon côté invité M. de Rottembourg à se maintenir dans cette attitude de réserve jusqu'à ce que nous en possédions des éléments d'appréciation nécessaires, je puisse lui donner mes instructions.

Mais je suis dès à présent porté à conclure de cet incident qu'il est urgent de hâter la constitution de la Commission telle que nous nous sommes appliqués à la définir d'accord avec les Cours intéressées. J'écris aujourd'hui même à cet effet à Florence, et je vous serais obligé de me mettre, de votre côté, en mesure de constater que l'entente est complète et définitive entre le Gouvernement Britannique et celui de l'Empereur.

Agréer, &c
(Signé) LAVALETTE.

No. 211

The Earl of Clarendon to Lord Lyons.

(No. 459.)

My Lord,

Foreign Office, April 29, 1869.

THE French Ambassador communicated to me to-day the substance of a despatch dated yesterday, which he had received from M. de Lavalette respecting the financial affairs of Tunis.

After stating his general concurrence in the opinions which I had expressed to the French Ambassador on the 10th instant as to the constitution and functions of the respective Commissions of Administration and Control, M. de Lavalette demurs to the admission into the latter of delegates of other nationalities besides England, France, and Italy, on the ground that it was only intended that the ascertained creditors of the Regency should be represented in it. His words are:—"Nous n'avons eu en vue que l'établissement d'une représentation des dettes constituées de la régence," and any departure from this principle would tend to create confusion by the admission into the Commission of parties representing interests differing both in their origin and in their importance from those which it was originally contemplated should alone be represented.

The French Minister at Florence had been instructed to make to General Menabrea a communication similar to that made to me by the French Ambassador on the 10th instant; but this communication crossed one of a different nature from the Cabinet of Florence which proposed that, instead of the plan heretofore contemplated, an International Commission should be formed for the examination of the state of Tunisian finances, the present information obtained on that matter being, in the opinion of the

Italian Government, insufficient; and that such Commission should be convened by the Bey, and that the Governments principally interested should be represented in it.

The despatch from Count Menabrea, of which I inclose a copy,* which was communicated to me by Count Maffei, is, I understand, identical with that to which M. de Lavalette refers.

M. de Lavalette says, however, that from the Report of the French Minister at Florence, the Italian Government are not disposed to insist on the adoption of this plan.

M. de Lavalette then alludes to the contract recently entered into by the Tunisian Government which is adverted to in my despatch No. 437 of the 24th of April; and he says that the French Consul-General at Tunis was not aware of the intention of the Bey till the last moment, and had carefully avoided expressing any approval of it, and had been instructed, in reply, to do nothing without further orders. But from this incident M. de Lavalette deduces the importance of losing no time in setting the proposed Commission on foot, and his Excellency desires to be made acquainted how far the British Government concur in the opinion of that of the Emperor.

I told the French Ambassador that Her Majesty's Government were disposed to think that it would be better to adhere to the course of proceeding which has been so long contemplated, rather than adopt the new course suggested by the Italian Government.

They certainly would think it undesirable to admit any general representation of creditors in the proposed Commission of Control, although they cannot but consider that there are many reasons for inviting Prussia to take part in it, which, however, they leave to the appreciation of M. de Lavalette. They see no reason to vary the instruction given to Consul-General Wood, as stated in my despatch No. 437, respecting the contract lately entered into by the Bey, and they concur with the French Government in thinking that no further delay should take place in proposing to the Bey the plan which has been for some time discussed by the three Powers, and which contemplates the appointment of a Commission of Administration and a Commission of Control, constituted as stated in my despatch of the 21st instant.

Your Excellency will read and give a copy of this despatch to M. de Lavalette.

I am, &c
(Signed) CLARENDON

No. 212

The Earl of Clarendon to Sir A. Paget.

(No. 55.)

Sir,

Foreign Office, April 29, 1869.

WITH reference to my telegram of the 12th instant and to previous correspondence, I transmit to you herewith, for your information, a copy of a despatch from Count Menabrea to Count Maffei,* which has been communicated to me by the latter, containing the proposal of the Italian Government for a Mixed Commission to enquire into and draw up a Report upon the financial position of Tunis in connection with the claims now pending against that Regency.

I have to state to you that Her Majesty's Government consider that the Commission, which has for some time been under consideration, embodying an Administrative and a Controlling Section, would be a preferable course of proceeding; but that Her Majesty's Government will communicate with that of France in regard to the Italian proposal.

I am, &c
(Signed) CLARENDON

No. 213

The Earl of Clarendon to Sir A. Paget.

(No. 56.)

Sir,

Foreign Office, April 29, 1869.

WITH reference to my preceding despatch No. 55 of this day's date, I inclose, for your information, a copy of a despatch which I have addressed to Lord Lyons† on the subject of a despatch from M. de Lavalette to Prince de la Tour d'Auvergne,

* No. 198.

† No. 211.

communicated to me by the latter, in regard to the constitution and functions of the proposed Commission on the Tunisian finance question, and adverting to the Italian proposal contained in Count Mensabrea's note of the 16th instant.

I am, &c.
(Signed) CLARENDON.

No. 214.

Lord Lyons to the Earl of Clarendon.—(Received April 30.)

(No. 490.)

My Lord,

Paris, April 29, 1869.

I GAVE, the day before yesterday, to the Marquis de Lavalette a copy of the instructions respecting the recent Decree of the Bey of Tunis which have been telegraphed by your Lordship to Mr. Wood, and which are quoted in your Lordship's despatch to me No. 487 of the 24th instant.

M. de Lavalette, having read these instructions, said a few words implying that he took no exception to them, and proceeded to tell me that he had received a telegram from M. de Botmehau, the French Chargé d'Affaires, from which it appeared distinctly that the holders of the Tunisian 'conversions' had not assented to the unification of the debts, which is provided for by the Decree.

M. de Lavalette added that he should thus be in a position to contradict, on the authority of the French Chargé d'Affaires, the assertion that the English and Italian creditors were satisfied with the Decree.

The paper I left with M. de Lavalette recited your Lordship's instructions to Mr. Wood, beginning with the words "join with the Italian," and ending with the words "acquiesced in by the British Government."

I have, &c.
(Signed) LYONS

No. 215

Sir A. Paget to the Earl of Clarendon.—(Received May 1.)

(No. 130.)

My Lord,

Florence, April 27, 1869.

I HAVE the honour to inform your Lordship, with reference to my telegram of yesterday's date, that I have seen Count Mensabrea this morning, and have informed him that your Lordship has instructed Mr. Wood to join with the Italian Representatives, and with the French also, if he should be so instructed, in protesting against any financial operation on the part of the Tunisian Government which should in any way impair or set aside the securities already conceded to British creditors on the Regency without their full and unreserved consent; and to inform the Bey that any arbitrary arrangement at variance with those now existing on behalf of British creditors will neither be accepted nor acquiesced in by the British Government.

Count Mensabrea, in begging me to express his thanks to your Lordship for this communication, said that he had been informed that the French Government had given similar instructions to their Representative, and he, therefore, hoped that a satisfactory arrangement of this affair would be speedily arrived at.

I have, &c.
(Signed) A. PAGET

No. 216.

Lord Lyons to the Earl of Clarendon.—(Received May 1.)

(No. 496. Confidential.)

My Lord,

Paris, April 30, 1869.

THE Marquis de Lavalette told me confidentially this afternoon that he had had an interview with one of the principal promoters of the new loan for which a contract has been signed by the Bey of Tunis.

He said that he had observed to this gentleman that the assertion that the holders of the "conversion" stock assented to the new contract was erroneous. He had added

that the contract spoke of placing the loan under the safeguard of the Powers, and, in fact, disposed of the Powers in a manner quite unwarranted.

He had, he said, proceeded to ask this gentleman which were the Powers he meant. The answer had been France, England, Italy, and Prussia. He had rejoined that he saw no reason for including Prussia more than Spain, Greece, or any other Power; and that he distinctly objected to going beyond France, England, and Italy, whose subjects held the whole of the funded debts.

The gentleman had maintained that in taking back the special revenues assigned to the "conversions," the Bey was only acting as he had acted towards the French creditors when he gave over those revenues to the holders of the "conversions."

M. de Lavalette had, he said, answered that he did not know how this might be; that it was a question on which the Commission might throw light, and that he could only say that this new contract for a loan could not in the least alter the engagements of France towards the Governments of Great Britain and Italy.

I may observe that M. de Lavalette never loses an opportunity of asserting his determination not to allow Prussia, or any other fourth Power to take part in the International Commission. On the other hand, I have remarked that the Prussian Chargé d'Affaires, who used to speak to me very frequently of the Tunisian question, has for a long time abstained from saying anything about it to me; nor has he, so far as I know, made any communication on the subject to M. de Lavalette, although his Excellency's speech in the Corps Législatif must have given him warning that the question was about to be taken up again, and he cannot but have noticed that while England and Italy were mentioned in the speech, no allusion was made to Prussia.

Whether this indicates that Prussia has abandoned the intention to claim a right to take part in the negotiations I cannot say. I have not thought it advisable to ask the question; as, if Prussia is really disposed to let the matter drop quietly, I should be sorry to do anything which might render this less easy. So far as the interests of our subjects are concerned, her presence or absence is not of much importance. She might probably be disposed to support England and Italy, but the usefulness of such support would be very much impaired by the disfavour with which it would be looked upon by France.

I have, &c.
(Signed) LYONS

No. 217.

The Earl of Clarendon to Lord Lyons

(No. 461.)

My Lord,

Foreign Office, May 1, 1869.

I HAVE received your Excellency's despatch No. 490 of the 20th ultimo, and I approve of your having left in M. de Lavalette's hands a Memorandum embodying the telegraphic instructions recently addressed to Mr. Wood, on the subject of the proposed unification of the Tunisian debt.

I am, &c.
(Signed) CLARENDON

No. 218.

Mr. Wood to the Earl of Clarendon.—(Received May 2.)

(No. 8. Commercial.)

My Lord,

Tunis, April 24, 1869.

WITH reference to my preceding Report No. 12, I have the honour to submit, in translation, at the Bey's request, the circular note which His Highness has addressed to the foreign Representatives, announcing that he has contracted with M. Pinard, Director of the Comptoir d'Escompte of Paris, for the unification of the Tunisian foreign and interior debts; and giving cover to his Decree, by which he annuls his former solemn contracts with his creditors, and withdraws the securities he had assigned to them in liquidation of their claims.

Pursuant to this Decree, the unified debt, which has now been purposely raised from 153,000,000 francs to 172,000,000 francs, will be inscribed in a grand register,

and will bear an interest of 5 per cent., for the payment of which, as well as for the Sinking Fund, a fixed annuity of 900,500,000 francs will be paid to the Comptoir d'Escompte for a period of fifty-one years. This annuity is secured upon some branches of the public revenue, assumed to be sufficient for that purpose, and Article 6 of the Decree directs the confiscation of the credits and shares of all the holders of Tunisian stock after the 1st of July next, in the event they should refuse or omit to inscribe themselves in the Grand Register to be opened and held by a Tunisian functionary.

Such are the main conditions of this forcible and compulsory unification of Tunisian indebtedness, undertaken on the plea that the revenues are insufficient to meet the annuities on the so-called French loans of 1863 and 1865, amounting together to about 8,000,000 francs, as well as the interest upon the local loans, calculated at 4,800,000 francs.

It is scarcely needful to state that so arbitrary a proceeding, evincing such a total disregard of previous engagements already in operation, has produced a panic and a feeling of insecurity difficult to describe.

Whatever may be the plausible object put forward by the Tunisian Government, and its conductors, to palliate so flagrant an act of bad faith, the intended and real object is to destroy the local conversions, amounting to 40,000,000 francs belonging to British, Italian, French and other residents, to reduce the interest from 12 to 5 per cent., and to deprive them of their pledges for the benefit of the so-called French loans.

To effect so important a purpose, involving even the confiscation of all their fortunes, the Tunisian Government has strictly followed, for a long period, a system of dissimulation and bad faith, in order to create the impression, both in France and elsewhere, that it was unable to discharge its pecuniary obligations, and thus prepare the way for the attainment of ends that would be condemned, as fraudulent were they practised by private individuals.

In the pursuit, therefore, of its object, it has intentionally omitted, for the last eighteen months, to remit to Paris the annuities due upon the so-called French loans, with the exception of about 500,000 francs, and it has persistently avowed to pay for two years the salaries of the public servants, the arrears due to the troops and the outlays for military stores and for the arsenal. But, while it has resorted to these undue means to show its poverty, it has never failed to regularly collect and appropriate the revenue which, though lately diminished in amount is still sufficient, under a proper management, to fairly meet the obligations of the Government.

In confirmation of the foregoing some proofs may be adduced, namely, that out of the pledges due to the local loans of 40,000,000 francs, the sum of only 3,100,000 has been realized to pay the interest upon them during the last two years, but as 1,400,000 of this sum was derived from the new loan of revenue expressly created for the redemption of the local loan, it follows that, in reality, the trifling amount of only 1,700,000, or 850,000 francs, a year was charged upon the general revenue of the country, and that consequently the gross balance derived from the proceeds of the pledges and guarantees given were appropriated by the Government for its own use.

If any other evidence is required to disprove the erroneous assertion that the local loans or conversions have and are absorbing the revenues of the Regency, the annexed official statement furnishes that evidence. It contains the necessary figures and details to prove that, up to the present date, the average interest paid upon the four conversions has been about 4 per cent. since their creation in 1867 or 2 per cent. a year.

The assumption that the Tunisian Government is or was ever verging upon insolvency is equally incorrect, and simply set forth to give a semblance of urgency to a scheme of speculation requiring to be veiled over not to be qualified as fraudulent and dishonest. In 1864, the public registers showed, and the Tunisian Government boasted, of having a revenue of 10,000,000 of piastres, and such was the credit that it enjoyed and the confidence that the public had in its solvency and integrity that, when a general insurrection of the people occurred, which lasted several months, the foreign mercantile community unhesitatingly furnished it with very considerable sums of money against Treasury bonds and *teskerés* or permits of export of native produce to enable it to raise troops to suppress the revolt. Three successive years of drought, followed by a bad harvest, intervened to prevent the regular collection of the taxes, but, if the Government was unable under similar circumstances to meet its engagements with any degree of punctuality, it cannot be now pretended with resources that have expended no very serious diminution, that it is verging upon insolvency, simply because it unfairly avails itself of a passed crisis to carry out a financial scheme

beneficial only to it and to a few stock-jobbing speculators, but ruinous to its local foreign creditors.

With a view to create a false security it has been provided in the Bey's Decree that the foreign Consuls shall certify to the correctness of the several Estimates therein mentioned of the guarantees assigned for the payment of the interest upon the unified debt amounting to 9,500,000 francs, and they are sufficient for that purpose.

The items of revenue enumerated in the Decree as forming the new pledges are not only greatly over-estimated, but, as the export duties (said to average 125,000*l.*) must exclusively depend upon the abundance or not of the crops, their amount must always remain uncertain, and even precarious. Of this fact both the Tunisian Government and the Comptoir d'Escompte can entertain no doubt, particularly at a time when the country is recovering from the effects of three successive years of drought. In like manner the stamp duty is noted as yielding 25,000*l.* a year, whereas it only produces about 9,000*l.*; and the same notable reductions must be also made in the excessively over-estimated value of the import and other duties. Nevertheless, the Tunisian Government and its conductors require that the foreign Representatives should testify to the correctness of these nominal and deceptive pledges.

Notwithstanding that no Consul will ever assume the grave responsibility of assenting to the requisition of the Decree, yet, were the creditors to be induced to inscribe their names in the Grand Register in the belief that the amount derived from nominal guarantees was sufficient to cover the annuity, they would speedily find out that such was not the case, and that the interest of 5 per cent. would be reduced to 2 before the termination of the first year, and even to 1 per cent. on the first failure of the crops.

But, under all circumstances, were it even practicable to compel the British and Italian creditors to surrender their material pledges, and exchange their present titles and stock against the scrip of the projected unification, the consequence to them would be the immediate loss of their capital. It was frankly admitted to me by one of M. Picard's agents that a scrip having a nominal value of 500 francs would not be marketable for more than 150 francs, owing to the uncertain and fluctuating nature of the pledges given. By way of illustration, a creditor who was forced to inscribe himself in the Grand Register for 100,000 francs would see his capital reduced at once to 15,000 francs.

The reverse, however, would be the case with the holders of shares in the so-called French loans. A different arrangement has been made in their favour. The interest due upon their scrip of 500 francs each will be capitalized, and although their present marketable price varies from 130 to 170 francs, they will enter the unification at 500 and 542 francs. It is the immense profit that the contractors expect to derive from such a stock-jobbing operation that has rendered them utterly indifferent to the interests of those whose spoliation will give them an actual commission of 8,500,000 francs, besides an additional income of 81,000,000, during the period of fifty-one years, being the calculated difference between the fixed annuity to be paid by the Tunisian Government and the amount of interest to be annually disbursed by the Comptoir d'Escompte should it ever succeed in carrying out its scheme.

It is moreover asserted that the Comptoir d'Escompte holds 12,000,000, and the Tunisian Government 20,000,000 of scrip in the so-called French loans, and that they are consequently directly interested in an operation which will leave them a large profit.

The 7th Article of the Decree likewise provides that no Treasury bonds will be admitted into the unification unless they are previously examined and countersigned by the Minister of Finance. As the Tunisian Government has issued during the last year Treasury bonds to the amount of 30,000,000 piastres, which were sold both here, in Paris, and London at a heavy discount, it is evidently intended by the above provision to leave it optional with the Government and the Comptoir d'Escompte either to accept or dishonour these bonds.

Without presuming to anticipate the view that the Government of the Emperor will take of this financial scheme, I may be permitted to draw your Lordships' attention to the fact that when, last year, the Bey issued a similar Decree in behalf of a certain M. Bureau for the unification of the Tunisian debts, the French Government directed its *Chargé d'Affaires* to formally protest, in the name of the Emperor, against such a flagrant violation of existing contracts, which it stigmatized as highly dishonest, and to inform His Highness that, as France would never allow such an act of bad faith to be carried out against foreign interests, he (the Bey) must immediately recall and abrogate his Decree. The injunction from Paris had the desired effect.

The principle, namely, the non-violation of existing solemn engagements, which France supported and defended in the instance referred to, being the principle again involved, there is every reason to expect that she will continue to sustain it conjointly with Great Britain and Italy. Were it otherwise, a precedent would be established in Tunis rendering contracts and engagements liable at any moment to be capriciously and arbitrarily cancelled, and every vestige of public security would vanish for the future.

Besides the above consideration, it is difficult to admit the right of any foreign association, such as the Comptoir d'Escompte, to interfere in a foreign country with reference to British interests, to destroy their contracts; to withdraw and appropriate their pledges, and to absorb their capitals, without taking into account that those interests are placed under the protection of Her Majesty's Government and the safeguard of international Treaties.

The late French Minister for Foreign Affairs, M. de Montier, felt the inconvenience of such a proceeding when he stated to General Khairaddin, on his late Mission to Paris to obtain the support of France for the unification of Tunisian debts, that the matter was one in which it would be difficult for the French Government to take the initiative. "Certain branches of revenue were," his Excellency said on that occasion, "specifically pledged to British and Italian creditors, and how could the Government of France take upon itself to propose to the British and Italian Governments to call upon their subjects to give up those pledges? those Governments would naturally reply that this was a matter to be treated by them with the Bey, and not by a third party. If, therefore, the Bey was desirous of making a fresh arrangement respecting those pledges, his proper course would be to enter into direct communication with the Governments by whose subjects they were held." In giving an account of his interview with General Khairaddin, M. de Montier likewise stated to Lord Lyons that he would not sanction any new financial scheme until the question of the Financial Commission was settled by the Governments of Great Britain, France, Italy, and Prussia.

It is not by an ill-advised scheme that the Regency can improve the embarrassed state of its finances, but by a radical change in its administrative system, which permits abuses of every description, speculation, malversation, and personal appropriation of the public revenues, which latter, however, would be ample to meet its wants were they honestly and efficiently administered. At present all is confusion and obscurity, and the Government does not attempt to remedy this state of things so justly described by M. de Lavalette in his exposition of Tunisian affairs in the Chambers because the members that compose it find it their interest to continue it.

Without this deplorable state of things there would have been no need of the Bey to issue a Decree which, if enforced, will seal the ruin of from 400 to 500 families by the threatened confiscation of their property. It is so odious a sentence that His Highness affects to place, by the advice of his coadjutors, under the safeguard of the European Powers.

The Cabinet of Florence has, however, energetically protested against it, and holds the Bey responsible for any wrong done to the Italian creditors.

I have been compelled by a sense of painful duty to manifest on these proceedings in my conversations with the Bey and his Ministers. I have commented upon them without reserve, and I have not hidden from His Highness the disastrous consequences that would assuredly accrue from them in a financial, administrative, and political point of view, if, by a short-sighted policy, his Government should persevere in the execution of a contract that would burden the Regency with a public debt of 6,000,000 francs in behalf of the Comptoir d'Escompte of Paris, and which debt would become permanent, inasmuch as it was highly improbable that the resources of the country, so wantonly squandered, will ever suffice to liquidate it in the course of fifty-one years.

The French, English, Italian, Austrian, and Spanish trustees for the local conversions have severally addressed protests against the acceptance and execution of the Bey's Decree, but for want of time I can only do myself the honour of transmitting copies of them by another conveyance.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure 1 in No. 218.

Circular addressed to Foreign Representatives at Tunis.

(Traduction.)

(Après les compliments d'usage.)

NOTRE sollicitude ayant pour but de traiter avec impartialité les créanciers du Royaume, nous avons émis un Décret daté du 7 de ce mois à l'effet de réunir toutes les dettes, intérieures et extérieures, du Royaume pour en faire une dette unique, payant pour tous un même taux d'intérêt.

L'honorable et respectable M. Pinard, Directeur du Comptoir d'Escompte, s'est chargé de l'exécution en conformité des Articles du dit Décret dont nous vous transmettons copie.

Nous attendons de votre bienveillante entremise que communication en sera faite à votre Gouvernement ami.

Conservez-vous sous la sauvegarde de Dieu.

8 Moharrem, 1286.

Inclosure 2 in No. 218.

Decree

(Traduction.)

DE la part du Serviteur de Dieu Glorieux, dans lequel il se confie et remet l'exécution de tous les actes, le Mehtar Molach-ed Essadick, Bascha Bey, possesseur du Royaume de Tunis, que Dieu dirige ses actions! A tous ceux qui verront le présent Décret.

Attendu que notre sollicitude a pour but de traiter avec impartialité d'une manière conforme à l'équité et dans les limites du possible les porteurs des titres de la dette extérieure et ceux de la dette intérieure du Royaume de Tunis, émis par notre Gouvernement; ayant acquis la certitude que le seul moyen d'atteindre ce but est de régler le mode d'amortir les dettes du Royaume et d'en faire une dette unique, attendu que quelques mesures sont nécessaires pour faciliter l'unification de cette dette, notre Gouvernement a été d'avis unanime:—

1. De ne point diminuer la valeur nominale de la dette extérieure, ni celle de la dette intérieure.

2. D'affecter à la dette ainsi unifiée des garanties spéciales et suffisantes pour couvrir l'intérêt annuel et l'amortissement du capital.

Par ces motifs nous décrétions ce qui suit:

Article 1. Il sera formé une seule dette publique recevant un intérêt annuel uniforme de toutes les dettes extérieures et intérieures du Royaume de Tunis. Cette dette publique sera inscrite sur un grand livre, qui sera appelé "Registre de la Dette Publique Tunisienne," et dont la tenue sera confiée à un des fonctionnaires de notre Gouvernement.

Art 2. Pour parer à la réunion des dettes mentionnées dans l'Article précédent, notre Gouvernement émettra 344,000 obligations de 500 francs nominales, dont chacune jouira d'un intérêt annuel de 5 pour cent, soit 25 francs pour chaque obligation payables à Paris et à Tunis chaque semestre à raison de 12 francs 50 centimes par semestre, le 31 Décembre et le 30 Juin de chaque année. Le premier semestre écherra le 31 Décembre, 1869. Le capital des obligations sera amorti dans le laps de 31 ans par voie de tirages.

Ces tirages auront lieu à Paris par les soins des personnes chargées de l'opération, et en présence d'un Envoyé de notre Gouvernement. Le tirage sera dû leurs fait suivant les indications détaillées sur les obligations ou sur les titres. Les époques des tirages sont fixées au 30 Novembre, et au 31 Mai de chaque année. Le premier tirage aura lieu le 31 Mai, 1870. Les obligations dont le numéro sortira seront intégralement remboursées à Paris et à Tunis, un mois après la date du jour où le tirage aura eu lieu.

Art 3. Notre Gouvernement s'engage à payer annuellement, et pendant les 31 années, une somme fixée et déterminée des jours, mois et une fois pour toutes à 9,500,000 francs pour le service de l'intérêt annuel et pour l'amortissement des obligations qui sortiront au tirage et pour couvrir toutes les dépenses inhérentes à la mise à exécution des bases et des principes de ce Décret.

Cette somme sera versée en deux paiements égaux de 4,500,000 francs chacun; le premier versement sera fait le 31 Octobre et le deuxième le 30 Avril de chaque année. Le premier et ces versements aura lieu le 31 Octobre, 1869, et le dernier le 30 Avril, 1921.

Art 4. Pour garantir et assurer le paiement des dites sommes nous avons affecté parmi les revenus de notre Gouvernement les revenus suivants:—

La rente connue sous le nom de Mahsoulat :

	Francs.
Les fermes et les dîmes	5,500,000
Les revenus des permis d'exportation	5,000,000
Les revenus du "kanoun" ou droit sur les oliviers de Souss, Monastier et Medje, de Sfax, et de Qusar et Kabil	1,600,000
Les revenus des dîmes perçues en argent sur chaque mecha de terrain	1,500,000
Le revenu du timbre	1,000,000
Total	15,000,000

Notre Ministère des Finances constate que ces revenus montent au minimum à la somme sus-mentionnée, dont l'exactitude sera certifiée par les Représentants des Puissances amies résidents à Tunis. Toute hypothèque accordée sur quelques-uns des susdits articles antérieurement à cette date deviendra nulle à partir du 1^{er} Juillet, 1869, et sera considérée comme non avenue.

Art. 5. A partir du jour où la conversion commencera à fonctionner jusqu'à l'expiration des 51 années de sa durée, les personnes chargées de l'exécution des principes de ce Décret ou leurs agents à Tunis seront autorisés à percevoir directement les revenus du timbre et ceux des permis d'exportation; quant aux autres revenus mentionnés dans l'Article précédent, ils en recevront le montant par l'entremise des Agents du Gouvernement ou des fermiers chargés de les percevoir. A cet effet, notre Gouvernement s'engage à déclarer ouvertement dans les Décrets de nomination des agents et fermiers susdits que les sommes qu'ils percevront devront être versées intégralement aux dits chargés ou à leurs agents, que rien n'en sera détourné en faveur d'autres personnes, et que toutes les mesures nécessaires seront prises pour en faciliter la perception aux époques voulues, ainsi que pour en sauvegarder le montant.

Art. 6. Notre Gouvernement s'engage à ne pas contracter d'emprunt public ou privé pendant six ans à partir de ce jour, à moins qu'il n'y soit contraint par un motif d'utilité publique, et en ce cas il devra prouver que l'emprunt est nécessaire à cet objet, et à la condition que les prêteurs n'aient pas le moindre droit sur aucun des susdits revenus.

Art. 7. Les porteurs des titres qui devront être convertis recevront des obligations pour des sommes égales à la valeur nominale de leurs titres à raison de 500 francs pour chaque obligation. Quant aux obligations de l'emprunt 1863 et 1865 qui restent encore en circulation, ainsi que celles qui sont sorties au tirage qui n'ont point été acquittées, elles seront reçues sans distinction entr'elles de la manière suivante :

Chaque obligation de l'emprunt 1863 sera reçue à raison de 569 francs 25 centimes, et chaque obligation de l'emprunt 1865 sera reçue à raison de 582 francs 50 centimes, c'est-à-dire, en comprenant le montant du capital primitif, les coupons arriérés, ainsi que l'intérêt des obligations à raison de 5 pour cent à partir de l'échéance de ces derniers coupons, pour ce qui regarde les deux emprunts, jusqu'au 1^{er} Juillet prochain, qui est la date de la jouissance des nouveaux titres à émettre. Quant à tous autres titres ils ne seront admis à la Conversion qu'après le visa de notre Ministre des Finances, qui en autorisera l'admission, et déterminera la somme à laquelle elle sera convertie en francs. Pour faciliter la réalisation de la conversion, des avis provisoires seront publiés, au fur et à mesure que besoin sera.

Art. 8. On ne recevra que les titres portant une date antérieure au présent Décret, et encore sous la condition qu'ils seront présentés dans le laps de trois mois à partir du jour où commencera la conversion, après l'expiration des trois mois, tout titre qui n'aura pas été présenté sera déchu de tout droit et repété sans aucune considération.

Art. 9. Les nouveaux titres seront rédigés en Arabe et en Français, et on y spécifiera les revenus affectés au paiement de l'intérêt et à l'amortissement du capital. Ils seront payables au porteur. Ils seront munis de la signature du Ministre des Finances, de celle du Directeur de la Dette Publique, et de celle de l'agent envoyé de la part des administrateurs susdits.

Art. 10. Si arrivait que les sommes qui auront été reçues par les susdits administrateurs n'atteignent pas le chiffre de 4,750,000 francs, deux mois avant l'échéance de chaque semestre, le Gouvernement payera instantanément sur ses propres fonds la somme nécessaire pour compléter le paiement, et dans le cas contraire l'excédant reviendra au Gouvernement.

Art. 11. Afin de donner aux créanciers les garanties les plus complètes, notre Gouvernement notifiera officiellement aux Représentants des Puissances amies résidents dans notre capitale le contenu du présent Décret, et leur déclarera que notre loyauté à maintenir les conditions qu'il contient est placée sous la sauvegarde de leurs Gouvernements respectifs.

Donné au Palais du Bardo, le 7 Moharrem, 1286.

Inclosure 3 in No. 218.

STATEMENT of Local Loans or Conversions.

	Francs.	Interest Due.	Interest Paid.	Per cent.
1st Loan	12,000,000	3,280,000	3,280,000	0 62
2nd "	10,000,000	2,400,000	2,400,000	6 85
3rd "	10,000,000	2,100,000	100,000	0 60
4th "	8,000,000	1,280,000	240,000	2 25
	40,000,000	8,360,000	3,100,000	

Average interest paid for the four loans for two years 4.06 per cent.

Out of the amount of interest already paid, viz ..	Francs	\$,100,000
Must be deducted the amount of the new branches of revenue created expressly, namely, the additional export duty on oil and other produce and the stamp duty, amounting to ..	Francs.	1,400,000
Only amount which the Tunisian Government allowed the Converters to encash from the branches of revenue hypothecated in their favour ..	Francs.	1,700,000
		\$,100,000

No. 219

The Earl of Clarendon to Lord Lyons.

(No. 469. Confidential)

My Lord,

IN reply to your Excellency's despatch No. 490, Confidential, of the 30th ultimo respecting the financial affairs of Tunis, I have to express to you my approval of the reserve which you have shown in your communications with your Prussian colleague in regard to the opposition evinced by France to that country being represented in an International Commission for the settlement of outstanding claims.

I am &c
(Signed) CLARENDON

No. 220.

Lord Lyons to the Earl of Clarendon.—(Received May 5.)

(No. 502.)

My Lord,

YESTERDAY, in obedience to your Lordship's instructions, I read to the Marquis de Lavalette your despatch No. 459 of the 29th ultimo respecting the financial affairs of Tunis, and gave his Excellency a copy of it.

M. de Lavalette said that he was himself about to go to the country for a few weeks, but that he had particularly recommended this Tunisian question to the immediate attention of M. Rouher, who would take charge of the Department of Foreign Affairs during his absence.

M. de Lavalette repeated his objections to admitting Prussia, or any other Powers except France, England, and Italy, to a share in the negotiations.

In answer to a question from me, he said that he had heard nothing from the Prussian Charge d'Affaires on the affairs of Tunis, notwithstanding the debate in the Corps Législatif, which had brought the subject so prominently before the public, and in which, as Minister for Foreign Affairs, he had himself spoken at length in the name of the Government of the Emperor.

I have, &c
(Signed) LYONS.

No. 221.

The Earl of Clarendon to Mr. Wood.

(No. 10.)

Sir,

Foreign Office, May 5, 1869.

I HAVE received your despatch of the Commercial series marked No. 8 and dated the 24th of April, respecting the late financial arrangement made by the Bey with the Comptoir d'Escompte at Paris.

You will doubtless have received long since the telegram which I sent to you on the 24th ultimum, in duplicate, through Cagliari and Malta, in reply to your telegram of the same date; but, looking to the detailed Report which I have now received from you, I have to instruct you to present an energetic protest to the Tunisian Government against this Decree, which arbitrarily inflicts ruin upon many of Her Majesty's subjects and which will never be assented to by Her Majesty's Government.

Your despatch ought not to have been included in your Commercial series.

I am, &c.
(Signed) CLARENDON

No. 222.

The Earl of Clarendon to Lord Lyons.

(No. 481.)

My Lord,

Foreign Office, May 5, 1869.

YOUR Excellency is acquainted with the contents of Mr. Wood's despatch marked No. 8, Commercial, of the 24th of April, respecting the late financial arrangement made by the Bey of Tunis with the Comptoir d'Escompte of Paris, and I have to instruct you to communicate the substance of that despatch to M. de Lavalette, who will doubtless see in it fresh cause for hastening the appointment of the Commission, which it is to be hoped will be composed of persons willing and able to put a stop to the fraudulent practices which the Bey, yielding to bad advice, has adopted.

In the meanwhile I have instructed Mr. Wood to present an energetic protest against the Bey's Decree, which arbitrarily inflicts ruin upon many of Her Majesty's subjects and which will never be assented to by Her Majesty's Government.

I am, &c.
(Signed) CLARENDON.

No. 223.

Mr. Wood to the Earl of Clarendon.—(Received May 9.)

No. 9. Commercial.)

My Lord,

Tunis, April 29, 1869.

I HAVE had the honour to receive your Lordship's telegraphic despatch of the 24th of April, in reply to mine of the 23rd; and, in obedience to the instructions therein contained, I have addressed a formal protest to the Bey on the part of Her Majesty's Government against the Decree, authorizing the forcible unification of the Tunisian foreign and interior debts, in violation of existing contracts.

I respectfully beg to inclose a copy of my protest, as well as a translation of the one which the Italian Representative was instructed to make by his Government.

Although the Bey has not yet acknowledged the receipt of these documents, I may nevertheless state that the prompt and energetic action of Great Britain and Italy in the matter has had the desired effect. It has convinced the Tunisian Government that, although it has the will, it does not possess the power, by a stroke of the pen to confiscate the property of its British and Italian creditors, who, on their side, feel reassured that they will be protected against any arbitrary arrangement having for its object the withdrawal of their securities, and their transfer to the few individuals who have suggested this ill-disguised measure of spoliation for their personal benefit and advantage.

I have likewise, in accordance with your Lordship's instructions, invited my French colleague, both in writing and verbally, to unite with us in supporting the principle of equity and right, which his Government defended and sustained last year against a similar Decree of forcible unification, but M. de Botmihau replied verbally, that as he

had not yet received any instruction from M. de Lavalette on the subject, he did not feel authorized, for the present, to lend us his co-operation.

In communicating the Decree to the foreign Representatives, the Tunisian Government has not deemed it proper to transmit to them a copy of its contract with M. Pinard. They have been, therefore, intentionally left in ignorance of its provisions, some of which they have reason to apprehend are extremely objectionable in many points of view. The administration of some branches of the public revenue by French agents has been conceded to M. Pinard, and it being highly improbable that the Tunisian fiscal officers will change their present mode of collecting and appropriating the taxes, it is natural to expect that frequent difficulties and questions will arise between them and the contractor, until it becomes necessary to apply this important concession to those other branches of the revenue that have been given as securities. In this manner the administration of the Tunisian finances will gradually fall into foreign hands, and with it, as an inseparable consequence, the general supervision and direction of the internal affairs of the Regency.

The attainment of this object has hitherto formed the basis, directly or indirectly, of almost every combination, be it a loan, a forcible unification, or the organization of the proposed International Financial Commission, and it has been therefore steadily, though covertly, supported on the part of those who hope to derive from its final accomplishment exclusive political advantages.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure 1 in No. 223.

Mr. Wood to the Bey of Tunis.

Tunis, April 26, 1869.

THE Undersigned, Her Britannic Majesty's Agent and Consul-General, has the honour to acknowledge the receipt of the note which His Highness, the Muezzin Mohammed el Saddok, Busha Bey, has addressed to him on the 24th of Muharrem, 1290, desiring him to transmit to Her Majesty's Government the copy of a Decree therein inclosed, authorizing and directing the unification of the Tunisian foreign and interior debts, annulling the solemn contracts and engagements already in operation, and withdrawing the pledges that were given to the foreign creditors of His Highness's Government in liquidation of their claim.

The Undersigned having, in conformity with His Highness's request submitted the object and purport of the aforesaid Decree to the consideration of Her Majesty's Government, he has been instructed to protest, in the name of his Government, against any financial operation undertaken by or in behalf of the Tunisian Government which should in any way impair or set aside the securities and pledges that have been already granted to the British creditors in the Regency, without their full and unreserved consent.

The Undersigned is furthermore instructed, in respectfully making the present formal protest, to declare to His Highness that Her Majesty's Government will neither accept nor acquiesce in any arbitrary arrangements at variance with those now existing in the Regency, which should in any manner whatsoever affect the interests and rights of the British creditors of the Tunisian Government.

The Undersigned, &c.
(Signed) RICHARD WOOD.

Inclosure 2 in No. 223.

M. Pons to the Bey of Tunis.

(Translation.)

Serene Highness,

April 24, 1869.

I HAVE received the note which your Highness did me the honour to address to me on the 8th of Muharrem, 1290 (19th April, 1869), to accompany the text of the Decree under date the 7th of the said month of Muharrem relative to the forced unification of all the Tunisian debts without distinction.

Refraining for the present from entering into explanations regarding the nature and importance of this act, in respect to which, however, I make the most ample

reserves in conformity with the pressing and explicit orders received from my Royal Government, I nevertheless must protest, as I do protest, in every manner and form, against the enforcement of the aforesaid Decree in all its parts (stipulations), but more especially against such of them as violate, or are calculated to violate, the engagements taken anteriorly by your Highness in virtue of solemn and public contracts, or which prejudice or will prejudice the present and future interests of the Italians, declaring over and above that I hold your Highness fully responsible at all times and places.

I avail, &c.
(Signed) L. PINNA.

Inclosure 3 in No. 223.

Mr. Wood to M. de Botmian.

Sir, and dear Colleague,

Tunis, April 26, 1869.

I HAVE the honour to inform you that, having submitted the Decree of His Highness the Bey authorizing the unification of the Tunisian foreign and interior debts to the consideration of Her Majesty's Principal Secretary of State for Foreign Affairs, I have been instructed by his Lordship to protest, in the name of Her Majesty's Government, against any new financial operation which should in any way impair or set aside the pledges and guarantees that have been already granted to British creditors, and to act in the matter in concert with you and the Italian Representative, should you have received instructions from the Emperor's Government to protest against any fresh attempt, on the part of the Tunisian Government, to disturb the arrangements already in operation.

When last year a similar Decree of Unification was issued by the Bey in behalf of certain parties, the Emperor's Government was pleased to energetically protest against it, and to demand the abrogation of the Decree of Unification upon grounds of equity and right.

As the same principle which France supported and defended in that instance is again involved in the present question, I feel confident that, in seeking your co-operation to sustain it, you will experience no difficulty to lend to the Representatives of Great Britain and Italy for the more efficient protection and security of the foreign creditors of the Regency whose interests cannot be interfered with by any fresh arrangement which has not their full and unreserved consent.

I avail, &c.
(Signed) RICHARD WOOD

No. 224.

Mr. Wood to the Earl of Clarendon.—(Received May 9.)

(No. 10. Commercial.)

My Lord,

Tunis, April 29, 1869.

I HAVE the honour to inclose copies and translations of some of the protests which have been addressed by the Deputies of the four Local Conventions to the four Consulates for communication to the Bey, as well as to their respective Governments, against the Decree of the Bey's Unification of their debts.

It would appear, pursuant to these documents, that besides the pledges and guarantees assigned to the local loans, a very large number of permits of export duties and others have been given over to the Trustees to cover the capital and interest of the money advanced to the Tunisian Government. In illustration, I beg to annex a translation of one of these permits given to the Convention of 12,000,000 francs of the 2nd of March, 1867, in which the Government declares that the value has been actually received by it through its cashier, which circumstance, with other stipulations resulting from their contracts, renders them exclusively the legitimate possessors of those funds of revenue until the complete liquidation of their claims.

These parties having, therefore, become the absolute property of the said Conventions, the Consul-General cannot dispossess them of property already given against value received; and it is in consequence of this fact and the illegal attempt made to deprive them of what has been paid on account, that has necessitated the transmis-

sion of their protests to M. Pinard, or to the Comptoir d'Escompte, through the proper French official channel, to serve in the event the matter should become hereafter a subject of litigation.

I may be here permitted to remark that, in the first instance, the protests were served on Commandant Bonfils, the supposed Agent of the Comptoir d'Escompte in Tunis, but he declined to receive them on the ground that he was not, for the present at least, the representative of that Association, from which declaration it is inferred that it is M. Pinard, in his individual capacity, who has undertaken the unification of the Tunisian debts, notwithstanding that the reverse is stated in the circular despatch which accompanied the Bey's Decree. Whether this discrepancy in the two statements is the result of a mistake, or whether it is intended to give another colour to the transaction, certain it is that it has greatly tended, together with the reticence observed in regard to the provisions of the contract entered into by the parties, to increase the fears of the mass of the creditors, and to discredit more than ever the solidity of the whole operation in their estimation.

In acknowledging the receipts of their protests, I have endeavoured to appease their well-grounded apprehensions by assuring them that Her Majesty's Government and that of Italy will not permit arbitrary arrangements to be made prejudicial to their interests, and I have repeated the same assurances to the deputations, composed of all nationalities, that have waited upon the British and Italian Representatives to desire them to convey to their respective Governments the expression of the grateful thanks of all the foreign creditors of the Regency for the efficient and prompt protection they have been pleased to afford to them against the threatened confiscation of their property.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure 1 in No. 224.

Mr. Wood to the Bey of Tunis.

Highness,

Tunis, April 26, 1869.

I HAVE the honour to submit to your Highness' high and equitable present on the inclosed copies of the protests which the deputies of the seven Conventions have addressed to Her Majesty's Consul-General for transmission to the Tunisian Government against the Decree, authorizing the unification of the Tunisian foreign and interior debts, and annulling the solemn contracts which have been entered into between it and the foreign creditors of the Regency, and which contracts are already in operation.

In respectfully calling attention to the motives upon which the Memorialists ground their protests, it is scarcely necessary for me to state that, as those motives bear a character of perfect legality, Her Majesty's Consul-General has been instructed by Her Majesty's Government to support and maintain them, and to declare at the same time that Her Majesty's Government, relying on the sentiments of justice which distinguish your Highness, fully expect that the Tunisian Government will respect in all its arrangements the engagements that are already in operation for the liquidation of the claims of the creditors of the Regency.

I avail, &c.
(Signed) RICHARD WOOD

Inclosure 2 in No. 224.

Protests of Trustees of Local Conventions.

M. le Consul-General,

UNE nouvelle tentative du Gouvernement Tunisien tendant à annuler les stipulations qu'il a contractées avec nous, ainsi que les garanties matérielles qui en sont la base, nous impose le devoir d'invoquer votre protection et votre appui, dont nous avons jamais eu tant besoin qu'aujourd'hui. Vous savez, M. le Consul-General, de nous communiquer un Décret de Son Altesse le Bey, par lequel le Gouvernement Tunisien ordonne une unification des dettes de la Régence, dans un laps de trois mois, la confiscation des titres hypothécaires affectés aux dettes antérieures, l'annulation de tous ses contrats; et, mettant de côté tout principe de bonne foi publique, en laisse l'observation

aux temps à venir moyennant l'ouverture d'un Grand Livre d'Etat. Il ne se traite donc rien moins que d'une opération semblable à celle que la conscience publique, nos réclamations précédentes, votre bienveillant appui, la protection qui nous fut accordée par le Gouvernement de Sa Majesté, aussi bien que la voix du Gouvernement Français lui-même, avaient, l'an dernier, hautement reprouvée comme arbitraire dans ses formes, injuste envers les créanciers garantis, tout à fait impraticable, par des motifs étrangers à notre sphère d'action, laquelle doit se limiter à maintenir immuables et intactes de toute atteinte les garanties qui nous ont été données par le Gouvernement Tunisien pour la Conversion des 12,000,000 de francs effectués par nous le 2 et le 17 Mars et le 8 Avril, 1867. Ces garanties consistent —

1. Dans les "serahat," ou permis d'exportation de la Régence des huiles, de la laine, des dattes, et du savon.

2. En une somme annuelle de 300,000 de francs à percevoir sur la ferme du tabac.

3. En une autre somme annuelle "400,000 de piastres à percevoir sur l'Agence du "robah" (octroi).

Nous ne répéterons pas ici les vicissitudes financières de la Régence qui ont amené notre Conversion, parce que nous l'avons déjà fait, conjointement avec les administrateurs des autres Conversions, dans un mémorandum daté du 17 Juin, 1868 que vous avez eu la bonté, M. le Consul-Général, de remettre en son temps au Gouvernement de Sa Majesté, et auquel nous nous référons entièrement. Nous croyons toutefois essentiel de répéter que les permis d'exportation sus-mentionnés sont écrits à notre nom, et nous ont été donnés pour valeur payée à la main du Gouvernement Tunisien. Leur teneur est rédigée de manière qu'ils constituent une vente réelle, absolue et exclusive faite en notre faveur comme administrateurs de la dite Conversion. Il est d'ailleurs facile de vérifier notre assertion sur ce point par la traduction littérale et authentique que nous avons l'honneur de vous remettre ci-jointe.

Pour ôter au Gouvernement Tunisien la possibilité d'en mettre d'autres en circulation, d'aider en outre, dans nos contrats, que les permis d'exportation des quatre articles sus-mentionnés ne pourraient avoir de valeur s'ils n'étaient endossés par nous, une circulaire de Son Altesse le Bey aux divers Gouverneurs a consacré ce principe. C'est pourquoi nous en disposons de plein droit, et nous en effectuons la perception et l'encaissement en déduction de la dette des 12,000,000 et des intérêts y relatifs.

Vous savez, M. le Consul-Général, que la majeure partie de ces garanties ont été créées ad hoc pour servir à l'accomplissement de nos contrats. Mais nous nous croyons obligés de mentionner ce fait, pour vous rappeler en outre que par une lettre à nous adressée le 18 Chaban, 1284, Son Altesse le Bey nous a de plus transmis d'autres permis d'exportation pour 2,500,000 métaux d'huile, représentant la somme de 18,750,000 de piastres, nous autorisant de les tenir en dépôt, en garantie du capital de la Conversion de 8,000,000 de francs du 1 Janvier, 1868, à la condition de les passer aux administrateurs de cette Conversion, avec tous les permis que nous nous trouverions posséder à l'époque où nous aurions soldé en entier les 12,000,000 par nous représentés et les intérêts y relatifs. De sorte que les teskerés ou permis que nous possédons représentent, de droit et de fait, la garantie de deux opérations s'élevant ensemble à la somme de 20,000,000 de francs.

Or, aux termes du Décret de Son Altesse le Bey que vous nous avez transmis, les rentes susdites, réunies à toutes celles appartenant soit à la Conversion du 1 Janvier, 1868, soit à d'autres, dans lesquelles le commerce Européen est également intéressé, seraient confisquées en faveur de l'unification représentée par le Comptoir d'Escompte ou ses mandataires. En vertu de nos contrats, le Gouvernement n'a le droit de disposer de nos garanties que dans un seul cas : Ce serait celui où il effectuerait un emprunt réel qui lui permettrait de rembourser intégralement, au comptant et en monnaie sonnante, les 12,000,000, ainsi que les 8,000,000 de la Conversion du 1 Janvier, 1868.

Le Gouvernement Tunisien ne peut donc octroyer à d'autres des pouvoirs qu'il n'a pas.

Le Gouvernement Tunisien ne peut donc d'un trait de plume violer ses engagements librement consentis et solennellement stipulés, sans le consentement préalable des parties qui ont contracté avec lui. Nous ne savons sous l'empire de quels conseils il a pu se prêter, en plein dix-neuvième siècle, à décréter une mesure que les plus hardis partisans du renouveau hésiteraient à adopter en Europe. Il est certain que les conseils qui l'ont guidé ne tendent pas à y propager l'opinion que ses actes sont conçus avec ce respect pour les Traités, et pour le droit public, cette considération pour les intérêts privés des sujets étrangers, qu'il désire pour lui-même.

Quant à nous, nous considérons le Décret en question comme nul et non avenu; et forts de nos stipulations, nous déclarons hautement notre résolution de les maintenir en pleine vigueur et sans qu'il y soit porté la moindre atteinte, et nous entendons exercer tous

les droits qui nous ont été donnés par nos contrats comme nous avons fait jusqu'à présent, et malgré toute disposition contraire. Nous protestons donc, sous toutes les formes les plus valables que faire se puisse et se doive, contre le Gouvernement Tunisien, contre toute personne ou toutes personnes, tout établissement ou tous établissements, qui directement ou indirectement prétendraient ignorer, ou tenteraient de confisquer ou de rendre évasives, sous quelque forme que ce soit, les garanties qui de droit et de fait sont et appartiennent uniquement aux dits 12,000,000, non moins qu'aux 8,000,000 ci-dessus spécifiés, et aux intérêts respectifs et y relatifs.

Nous protestons en outre pour tous les dommages résultant des oscillations de bourse que les continuelles tentatives faites à leur préjudice occasionnent aux porteurs de nos titres, ainsi que pour tous autres dommages, prévus et imprévus, qui pourraient arriver, nous réservant le droit d'exercer notre action quand, où, et contre qui nous le croirons convenable.

Nous déclarons illégale l'ingérence forcée de tout établissement financier, quel qu'il soit, dans nos affaires avec le Gouvernement Tunisien. Nous ne tenons pas pour moins absurde l'idée de s'imposer pour 51 ans pour l'exécution du nouveau contrat du Gouvernement Tunisien, lequel contrat ne reposerait, s'il pouvait avoir effet, que sur la violation de tout ce qu'il y a de plus sacré parmi les hommes — l'observation des engagements pris par contrats solennels.

Nous venons vous prier, M. le Consul-Général, qu'il vous plaise transmettre copie de la présente au Gouvernement de Son Altesse le Bey et au Consulat-Général de France, pour être officiellement signifié au Comptoir d'Escompte ou à qui pour lui, et pour toute bonne fin et effets légaux, nous qu'au Gouvernement de Sa Majesté pour toutes mesures qu'il croira utile d'adopter afin de sauvegarder les intérêts de ses sujets aussi sérieusement qu'il le pourra.

Nous avons, &c.

(Signature)

ANDREA PELUFFO,
M. SANTILLANA
J. DI J. CESANA,
M. LEVY
C. GUTTIERES

Tunis, le 21 Avril, 1869

(Translation.)

Sir,

A FRESH attempt of the Tunisian Government to annul the stipulations which it has contracted with us, as well as the material guarantees upon which they are based, compels us to invoke from you that protection which never failed us, and that support of which we now more than ever stand in need.

You have just communicated to us a Decree of His Highness the Bey, ordering the annulment of the debts of the Bey, and annulling the pledges given in guarantee to anterior debts, annulling every contract made by him; and, putting aside for the present every principle of public faith, the said Decree leaves the observance thereof to future times by means of the opening of a "Grand Livre" of the State. The question is nothing less than a transaction similar to the one which public conscience, our complaints, your valuable support, the protection granted to us by Her Majesty's Government as well as the voice of the French Government, had highly reprobated as arbitrary in form, unjust towards the guaranteed creditors, absolutely impracticable for motives foreign to our sphere of action, and which limits itself to the duty of upholding intact the pledges given to us by the Tunisian Government for the Conversions of 20,000,000 francs which we have effected on the 1st of August and 1st of September, 1867, which pledges comprise the duty to be performed in the stamped paper, the permits of exportation of twenty-three Articles specified in the contracts, the various assignments on different forms of revenue, governors of provinces, and kinds of Articles.

We refrain to here repeat the narrative of the financial vicissitudes of the Bey, which led to our Conversions, this being a duty which we, together with the administrators of the other Conversions, have already fulfilled in a Memorial dated the 17th of June, 1868, which you had the honor to transmit to Her Majesty's Government, and to which we entirely refer. We deem it necessary to state, however, that the said permits of exportation, assignments, and were given to us by the Tunisian Government, and were given up in such a form as to constitute a real, absolute, and exclusive security in our capacity of administrators of the said Conversions, as you were duly

perceive by the authentic and literal translation of one of these permits, which we have the honour to inclose herewith. And in order to preclude the Government from the possibility of putting other permits in circulation, we have, moreover, stipulated in our contracts that the permits of exportation of the above-mentioned twenty-three Articles could not have any value or effect without our endorsement. A circular of His Highness the Bey to the different Governors has established this principle. It is, therefore, our clear right to dispose of them as we are doing, and to collect the proceeds thereof on behalf of the bondholders on account of the debt of 20,000,000 and its interest.

With regard to the stamped paper, besides granting us the faculty to have it manufactured and sold by us, the Tunisian Government has entrusted to us the *timbre* to be affixed by the side of that of His Highness the Bey, and without which the stamped paper has no value.

You are aware, Sir, that the greatest portion of the securities have been expressly created to serve the object of our contracts. Now, pursuant to the Decree which His Highness the Bey has transmitted to you, the above-mentioned revenues, together with others appertaining to the said conversions of 1st August and 1st September, 1867, in which all the European commerce is interested, would be confiscated in favour of the unification represented by the Comptoir d'Escompte or its Agents. According to the terms of our contracts the Government has no right to dispose of our pledges, but in the exclusive case of its effecting a real loan, which would enable it to integrate its debt in and the 20,000,000 of two Conversions of 1st August and 1st September, 1867.

The Tunisian Government cannot therefore confer upon others powers which it does not possess.

The Tunisian Government cannot with a stroke of the pen violate the stipulations to which it has freely consented, and solemnly agreed to, without the previous consent of the parties which have contracted with it.

We ignore under what inspiration it could have lent itself in the present enlightened century to decree a measure which the boldest partisans of communism would hesitate to adopt. Certain it is that the counsels which have guided it do not tend to propagate in Europe the opinion that the acts of the Tunisian Government are conformable to that respect for Treaties, to those regards for international right, to that consideration for the private interests of the foreign subjects established in the Regency with which it expects to be reciprocated.

As far as we consider the Decree in question as null and void, and strong in our stipulations, we solemnly declare that we intend that they should be maintained in fact, protesting in the most valid form against the Tunisian Government, or other person or persons, establishment or establishments, which directly or indirectly might pretend to confer or to attempt to confiscate, or in any form whatsoever evade the securities which by right and deed belong and appertain to the said 20,000,000 and their respective interest.

We also declare as illegal any compulsory interference in our affairs with the Tunisian Government by any financial establishment, it being an absurdity that it should impose itself for fifty-one years to come, in order to execute its contract with the Tunisian Government, which would only rest, if carried out, on the violation of that which is most sacred amongst mankind, viz., the observance of obligations undertaken by solemn contracts.

We beg, Sir, to be pleased to transmit a copy of the present to the Government of His Highness the Bey for the ends of justice, as well as a copy to Her Majesty's Government for any steps it may think necessary to take in order to safeguard the interests of its subjects so seriously menaced.

We beg, &c.

For L. G. Paz,

(Signed)

ALEX. PAZ.
GARSIN, FILS.
ALF. CHAPÉLIE.

For Y. Sarrasin and

GARSIN, FILS.
M. PISANI
A. TRAVERSO.

Inclosure 4 in No. 224.

Model (translated from the Arabic) of Permit for Exportation of Oil, Wool, Dates, and Soap, appropriated to the Conversions of 2nd and 17th March, and 8th April, 1867.

Noms des Députés.

Huile.

Nombre des Métaux

Louanges à Dieu, &c.

A son Excellence

Gouverneur de

&c. &c. Salut.

EN vertu du présent ordre, vous laisserez embarquer au nom des quatre individus susindiqués, ou à leur ordre, la quantité de métaux d'huile de votre échelle, dont le droit a été soldé à raison de pour chaque métal. Le montant de ces permis a été encaissé par l'honorable Caid Cheloumon, fils de Caid Nassef Saïd, Caid du Gouvernement. Cet ordre continuera à être valable jusqu'à ce que l'embarquement de la quantité susindiquée aura été complètement effectué. En ut de la part, &c., le Moukhar Mohammed Essadak Bacha Bey, le 24 Kabda, 1283.

(Contresigné par le Causier—"Certifié valable.")

No. 225

The Earl of Clarendon to Mr. Wood

No. 11

Sir,

Foreign Office, May 10, 1869

I HAVE to acquaint you that I approve your proceedings, as reported in your despatches Nos. 9 and 10 Commercial, of the 29th ultimo, in regard to the question of the forcible unification by the Tunisian Government of the foreign and interior debts of the Regency.

I am, &c.
(Signed) CLARENDON

No. 226

Sir A. Paget to the Earl of Clarendon.—(Received May 12.)

(No. 144.)

My Lord,

Florence, May 7, 1869

I HAVE the honour to inform your Lordship that, in compliance with the instructions contained in your Lordship's despatch No. 55 of the 29th of April, I have informed General Menabrea that Her Majesty's Government are of opinion that the Commission relative to the financial affairs of Tunis which has for some time been under consideration, embodying an Administrative and a Controlling Section, would be a preferable course of proceeding to that proposed by the Italian Government.

I understood from General Menabrea, in reply, that a few days ago the French Minister had made to him a fresh communication upon this subject, but that he had not found the French proposal sufficiently clear and explicit, and though he was willing enough to entertain it, he must have further information on certain points before he could give it his assent. The principal thing to be ascertained was how it was intended the Administrative Section of the Commission should be composed. The desire of the Italian Government was that it should be a Tunisian and not *de facto* a French one, and that in the Controlling Section all the Powers should be equally represented. The Italian proposal, his Excellency said, had been made with the view of offering a practical mode of dealing with the question at issue, for compose the Commission how you would, it was quite certain that the first duty which it would have to perform would be to make an inquiry into, and draw up a Report upon, the financial position of the Regency. He was not, he said, particular as to forms. What he wanted was to have before him a practical plan of proceeding, and thus he had asked for in reply to the recent French communication.

I gave Count Menabrea your Lordship's views as to the composition and functions of the Commission by quoting the five points mentioned in your despatch No. 418 of the 21st of April to Lord Lyons, of which he took note.

His Excellency is of opinion that Prussia has perfect right to claim to be

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represented in the Commission, but that of course, if she did not care to be so, the Commission would proceed without her.

I have, &c.
(Signed) A. PAGET

No. 227.

Lord Lyons to the Earl of Clarendon.—(Received May 15.)

(No. 529)

My Lord,

Paris, May 14, 1869

M. PINARD, the Directeur du Comptoir d'Escompte, called upon me the day before yesterday, and begged me to allow him to speak to me on the subject of the contract he had signed with the Bey of Tunis for the unification of the debts of the Regency. He said that he was not wedded to the particular terms of that contract; on the contrary, that he was quite ready to consent to any modification of them. He did, however, feel very strongly that the only means of restoring the authority of the Government of Tunis, and securing a fair settlement of the claims of the various classes of creditors of that Government, was to set aside the ruinous Conventions which had been made, and to convert all the debts into one common stock, on fair and reasonable terms.

He proceeded to read to me a paper, purporting to give a detailed account of the loans called the "Conversions," and making it appear that the special securities assigned to those loans had in fact been previously pledged to the holders of the loans of 1863 and 1865, commonly called the French Loans. He said that he had read this paper to M. Nigra, the Italian Minister, and that he intended to send copies of it to that Minister, to M. Rouher, and to me.

I answered, that I did not object to receive the paper, as it was to be sent to M. Rouher and M. Nigra; but that as the Governments of England, France, and Italy were, as he well knew, in communication with each other respecting the Tunisian finances, I felt bound to decline entering into any discussion upon the subject with him, and must abstain from expressing any opinion on the statements he had made to me.

The next day M. Pinard sent to me three papers:—1, a letter from himself to me, 2, the note which he had read to me respecting the "Conversions," and, 3, a translation of the Bey's Decree.

I have the honour to transmit copies of these three papers to your Lordship. The translation appears to be authentic and official. It is not identical in words with that inclosed in Mr. Wood's despatch to your Lordship of the 24th ultimo, marked Commercial, No. 8.

I gave a Memorandum containing the substance of this despatch from Mr. Wood, yesterday, to M. Rouher, in pursuance of the instruction contained in your Lordship's despatch to me, No. 481 of the 5th instant. At the same time I mentioned to his Excellency my interview with M. Pinard, and my refusal to express any opinion to that gentleman.

M. Rouher told me that M. Pinard had sent to him also the note respecting the Conversions. He had, he said, read with attention this note of M. Pinard's, as well as the Decree of the Bey, and the contract for the unification of the loans. He could not, however, think that these documents should modify the resolutions of the French, English and Italian Governments; indeed, for his own part, he could not look upon this new attempt of the Bey to make a loan as serious. He had, therefore, written a despatch to M. de Botmihau, the French Agent at Tunis, directing him to refuse, in the name of the French Government, to acquiesce in the Bey's Decree, and instructing him further to call upon the Bey to issue at once a Decree establishing an International Commission on the terms agreed upon between the French, English, and Italian Governments. M. de Botmihau was to concert measures with his English and Italian colleagues as to the latter part of the instruction. As the Decree to be proposed to the Bey had been drawn up in exact accordance with your Lordship's sentiments, M. Rouher thought it might be well to forward his despatch to M. de Botmihau by the mail which started the same evening for Tunis.

I said that, with a view to prevent all chance of mistake or misunderstanding, I would ask him to communicate the proposed Decree to Her Majesty's Government before sending it to Tunis. M. Rouher at once promised to do so, and gave directions to M. Despres, who was in the room, to keep back the despatch to M. de Botmihau.

I mentioned what had passed between M. Rouher and me to M. Nigra, who was waiting in the ante-room. I also made M. Nigra acquainted with my interview with M. Pinard. He said that he had received a similar visit from M. Pinard, and had also declined to enter into any discussion with him.

I have the honour to inclose a copy of the Memorandum which I gave to M. Rouher of the substance of Mr. Wood's despatch to your Lordship.

I have, &c.
(Signed) LYONS.

Inclosure 1 in No. 227.

M. Pinard to Lord Lyons.

14, Rue Bergère, au Comptoir d'Escompte de Paris.

Paris, le 13 Mai, 1869

M. l'Ambassadeur,

ME référant à l'entretien que j'ai eu l'honneur d'avoir dans la journée d'hier avec votre Excellence j'ai l'honneur de vous adresser sous ce pli:—

Une note relative aux affaires financières de la Régence de Tunis.

Une copie du Décret rendu par Son Altesse le Bey le 18 Avril dernier.

Permettez-moi, M. l'Ambassadeur, de recommander à votre bienveillante attention le Memorandum, que je me suis attaché à faire aussi court que possible, et qui exposant relate avec la plus grande exactitude le véritable état des choses.

J'ose espérer que votre Excellence, reconnaissant que le Décret de Son Altesse le Bey, qui a pour but de replacer tous ses créanciers sur le pied de la plus parfaite égalité, est un acte de justice et d'équité, voudra bien en appuyer l'exécution de sa haute influence.

Je vous prie,
(Signed) PINARD

Inclosure 2 in No. 227

Memorandum respecting the Financial Condition of the Regency of Tunis

LA dette de la Régence de Tunis se compose de la dette intérieure et de la dette extérieure.

La dette extérieure a été constituée par les emprunts contractés en France en 1863 et 1865.

Par le premier, il fut émis 78,692 obligations de 500 francs, rapportant un intérêt annuel de 35 francs, et par le second 73,588 obligations, également de 500 francs, rapportant le même intérêt de 35 francs.

Le Gouvernement Tunisien affecta spécialement à la garantie de l'emprunt 1863, le revenu de l'impôt personnel; et à la garantie de l'emprunt 1865, les revenus de ses douanes et le droit sur les oliviers.

Le Gouvernement Tunisien, qui, depuis la fin de 1866, avait cessé de payer les intérêts de l'emprunt triennal compris dans la dette intérieure, cessa également à partir du 1 Novembre, 1867 de faire le service de l'emprunt 1863, et à partir du 1 Janvier, 1868 celui de l'emprunt 1865.

Telle était la situation des finances de la Régence lorsqu'elle consolida une partie de sa dette intérieure par des délégations successives de certains revenus déjà affectés aux obligations, privant ainsi d'une partie de leurs droits ceux de ses créanciers laissés en dehors de ces arrangements.

Ces consolidations reçurent le nom de Conversions; elle sont au nombre de quatre aux dates des 2 Mars, 1867, pour une somme de 12,000,000 de francs; 1 Août, 1867, 10,000,000; 1 Septembre, 1867, 10,000,000; 1 Janvier, 1868, 8,000,000.

Première Conversion.

Le 2 Mars, 1867, le Bey engageait aux concessionnaires, en garantie d'une créance nominale de 12,000,000 de francs, les droits d'exportation sur les huiles, les savons, les laines et les dattes—droits considérables qui avaient été antérieurement délégués aux

porteurs des obligations de l'emprunt 1865, seulement ces derniers, s'en rapportant au Gouvernement pour l'exécution loyale de ses engagements, n'avaient pas demandé à être nantis de leur gage, tandis que les conversionnistes qui, étant sur les lieux, connaissent le véritable état des choses réclamaient d'être mis en possession des garanties qui venaient de leur être affectées au détriment des premiers créanciers.

Les concessionnaires de cette première Conversion sont: MM. Isaac Cesana, négociant Italien; Andrea Peluffo, négociant Italien; Moses Santillana, négociant Anglais, M. P. Lévi.

Deuxième Conversion.

Le 1 Aout, 1867, eut lieu une deuxième Conversion, représentée par 20,000 obligations de 500 francs.

On attribua comme garantie à cette Conversion, entre autres revenus, "le kanoun" sur les oliviers, engagé précédemment aux obligataires de 1865, et tous les droits de sortie (excepté ceux sur les huiles, les laines, les savons, et les dattes), lesquels droits de sortie représentaient une partie des revenus des douanes appartenant aux obligataires de 1865. L'Administration des impôts et fermages constituant la garantie de la Conversion fut confiée aux concessionnaires eux-mêmes.

Les concessionnaires de cette seconde Conversion sont: MM. Garzin, négociant Français, A. Chapelié, négociant Français, Y. Samama, négociant Français; I. G. Paz, négociant Italien; Amideo Traverso, négociant Italien, Pisani, Chancelier du Consul d'Angleterre.

Troisième Conversion.

Le 1 Septembre, 1867, s'effectua la troisième Conversion pour une somme nominale de 10,000,000 de francs.

Au nombre des garanties figure l'impôt sur quatorze tribus, compris dans le revenu de l'impôt personnel déjà attribué aux obligataires de 1865.

Le Roy ajouta à ces garanties les droits de sortie sur les huiles, les savons, et les dattes à partir du remboursement de la première Conversion.

Les concessionnaires de cette troisième Conversion sont: MM. Garzin, négociant Français; Chapelié, négociant Français; Y. Samama, négociant Français; J. G. Paz, négociant Italien; A. Traverso, négociant Italien; Pisani, Chancelier du Consul d'Angleterre.

Quatrième Conversion.

Le 1 Janvier, 1868, fut conclue la quatrième Conversion pour un capital nominal de 8 000,000 de francs.

Au nombre des garanties figurent les droits d'exportation sur les bonnets rouges, les laines de laine, et d'écorces déjà compris dans les revenus de Douanes.

Les concessionnaires de cette quatrième Conversion sont: MM. Paolo Casanelli, négociant Italien; G. Vignola, négociant Italien; Felix Monge, négociant Français; L. Van Graver, négociant Français; Achille Bogo, négociant Autrichien; Th. de Montes, négociant Espagnol.

On voit figurer constamment dans les garanties affectées aux Conversions des droits de sortie qui étaient déjà le privilège des obligataires de 1863 et 1865.

Ces diverses Conversions, ruineuses pour le trésor Tunisien, lui étaient en quelque sorte imposées par les obsessions de quelques créanciers résidant à Tunis. Les obligations revenues la propriété des conversionnistes, rapportent 12 pour cent d'intérêt en dehors de l'amortissement, et les titres n'ont pas coûté aux porteurs plus de 20 francs pour 100 francs. Cette moyenne est même loin d'avoir été atteinte, car la majeure partie des titres émis pour les deux dernières Conversions n'a pas été payée plus de 10 francs pour 100 francs.

On est même descendu jusqu'à 5 francs pour 100 francs.

Il est de notoriété publique à Tunis que les Conversions ont donné lieu à des trafics scandaleux.

Ce sont ces opérations déplorables qui ont jeté la perturbation dans les finances, et qui ruinent tout le commerce du pays.

Indépendamment de ce qu'elles étaient consenties dans des conditions exceptionnellement onéreuses, puisque les créanciers convertis percevaient un intérêt de 12 francs pour une somme versée, en réalité de 20, 10, et même 5 francs. Il y avait dans cette situation une autre cause de ruine et de désordre, consistant en ce que l'administration des revenus

donnés en garantie était confiée aux concessionnaires, sans contrôle d'aucune espèce. La Régence leur abandonnait ainsi, à eux négociants, c'est-à-dire, importateurs et exportateurs eux-mêmes, la réglementation et la perception des droits d'entrée et de sortie. Ces faits expliquent pourquoi le Bey de Tunis, effrayé des conséquences pouvant résulter de la continuation de pareils abus, a senti la nécessité de régulariser ses affaires financières et douanières, et que, par une mesure de réparation et de justice, il a placé tous les créanciers sur le même pied d'égalité.

Inclosure 3 in No. 227.

Decret.

Louange à Dieu.

DE la part du Serviteur de Dieu, de celui qui met sa confiance en Dieu et s'en remet à Lui du soin de toutes choses, le Mouchir Mohammed Essadock, Pacha Bey, Possesseur du Royaume de Tunis, que Dieu dirige vers le bien ses actions.

A tous ceux qui verront les présentes, (faisons savoir que) —

Voulant dans notre sollicitude et dans la mesure de ce qui est équitable et possible, rendre justice égale aux porteurs des titres de la dette du Royaume Tunisien, tant extérieure qu'intérieure;

Et considérant que le seul mode pratique pour atteindre ce but consiste à organiser la liquidation et l'unification de la dette de l'Etat, et que pour rendre cette unification plus facile notre Gouvernement a résolu —

1. De ne point réduire le chiffre nominal ni de la dette extérieure ni de l'intérieure,

2. D'affecter au service des intérêts et de l'amortissement de cette dette; des garanties suffisantes pour en assurer le remboursement intégral,

Décretions

Article 1. La dette extérieure et intérieure du Royaume de Tunis sera convertie en une dette unique, portant le même intérêt; cette dette sera inscrite sur un grand livre que portera la dénomination de Grand Livre de la Dette Publique du Royaume de Tunis, dont l'administration sera confiée à un fonctionnaire de notre Gouvernement.

Art. 2. Pour réaliser l'unification de la dette mentionnée à l'Article précédent, il sera créé, par notre Gouvernement, 344,000 obligations, au capital nominal de 500 francs chacune, portant un intérêt annuel de 5 pour cent, soit 25 francs pour chaque obligation, payable à Paris et à Tunis à raison de 17 francs 50 centimes par semestre, les 31 Décembre et 30 Juin de chaque année, le premier semestre d'intérêt échéant le 31 Décembre, 1869. Ces titres seront remboursables en cinquante-et-un ans, conformément au tableau qui y sera joint, par voie de tirages au sort, qui auront lieu à Paris, par les soins des personnes qui auront pris l'opération à leur charge, et en présence d'un délégué de notre Gouvernement, les 30 Novembre et 31 Mai de chaque année. Le premier tirage s'effectuera le 31 Mai, 1870, les titres seront remboursés au pair à Paris et à Tunis un mois après chaque tirage.

Art. 2. Notre Gouvernement s'engage à payer chaque année pendant la durée de l'opération, soit cinquante-et-une années, une annuité fixée à forfait, à 9,500,000 francs, comprenant le paiement des intérêts et de l'amortissement, et tous les frais auxquels donnera lieu la mise à exécution de notre présent Décret. Cette annuité sera payable en deux versements égaux, de 4,750,000 francs chacun, les 31 Octobre et 30 Avril de chaque année; le premier paiement aura lieu le 31 Octobre, 1869, et le dernier le 30 Avril, 1921.

Art. 4. Nous affectons spécialement à la garantie du paiement des dites annuités les divers revenus ci-après désignés, savoir: —

	Piastres
1. Les revenus des "mashoulates," des fermages et des douanes pour	6,500,000
2. Les droits de sortie pour	3,000,000
3. L'impôt sur les oliviers des forêts de Bouze, de Monastir, de la Mehria, de Sfax, et de Qantim el Kefila, pour	1,000,000
4. Les taxes sur les mactous, qui se paient en argent, pour	1,000,000
5. Le timbre, pour	1,000,000
Total	12,500,000

Il sera authentiquement constaté par notre Ministre des Finances que chacune de ces diverses branches de revenus rend au moins la somme pour laquelle elle figure ci-dessus.

Cette constatation sera confirmée par le témoignage des Représentants des Puissances amies résidant à Tunis. Toute hypothèque consentie antérieurement au présent Décret sur les revenus ci-dessus mentionnés est déclarée nulle et de nul effet, à dater du 1 Juillet prochain.

Art. 4. Les personnes qui ont pris à leur charge l'exécution des dispositions du présent Décret, ou leurs Représentants à Tunis, seront investis, à partir du jour qui sera fixé pour l'ouverture de la Conversion, et pendant toute la durée de l'opération, c'est-à-dire, pendant cinquante-et-une années, du droit de percevoir directement les droits du timbre et les droits de sortie, et de toucher les autres revenus et impôts des mains des agents du Gouvernement ou des adjudicataires chargés de leur perception. A cet effet notre Gouvernement s'engage à stipuler dans les contrats d'adjudication des fermages ou autres revenus que le montant en sera versé directement et exclusivement entre les mains des dites personnes ou de leurs Représentants, et à prendre toutes les mesures nécessaires pour faciliter et assurer l'encaissement régulier des susdits revenus.

Art. 5. Notre Gouvernement s'engage à ne contracter aucun emprunt public ou privé, pendant un délai de six années à partir de ce jour à moins que des raisons d'intérêt général ne le mettent dans la nécessité absolue de recourir au crédit avant l'expiration de ce terme, dans ce cas il ne pourra emprunter que dans la stricte limite de ses besoins, et à la condition que les nouveaux porteurs n'aient aucun droit sur les susdits revenus.

Art. 7. Les porteurs de titres à convertir recevront pour une somme égale au montant de ces titres, des obligations nouvelles à raison de 500 francs. Les obligations des emprunts de 1863 et 1865, qui restent en circulation, y compris celles sorties et non remboursées, seront indistinctement admises, celles de 1863 chacune pour 569 francs 15 centimes, et celles de 1865 chacune pour 582 francs 50 centimes, soit pour leur montant nominal augmenté de la valeur des coupons arriérés et de l'intérêt à 6 pour cent de l'échéance du dernier de ces coupons, pour chaque emprunt, au 1 Juillet prochain, date de la jouissance des nouvelles obligations. Les autres titres ne seront admis à la Conversion qu'après avoir été soumis au visa de notre Ministre des Finances, qui en autorisera l'acceptation, en indiquant la somme, en francs, pour laquelle ils doivent être reçus. Pour faciliter les opérations de la Conversion il sera délivré des certificats provisoires suivant les besoins.

Art. 8. Ne seront admis à la Conversion que les titres d'une date antérieure à celle du présent Décret, qui se présenteront dans le délai de trois mois à partir de l'ouverture des opérations. Passé ce délai les titres qui n'auront pas été présentés à la Conversion seront nuls et de nul effet.

Art. 9. Les titres de la nouvelle dette seront libellés en Arabe et en Français, et mentionneront expressément les garanties au service des intérêts et de l'amortissement. Ils seront reçus et seront signés par notre Ministre des Finances par le Directeur de la Dette Publique, et par un Contrôleur délégué par les personnes qui se seront chargées de l'opération.

Art. 10. Si deux mois avant chaque échéance semestrielle les encaissements effectués par les personnes qui se seront chargées de la Conversion ne s'élevaient pas à 4,750,000 francs, le Gouvernement payerait immédiatement la différence nécessaire pour le paiement des intérêts et de l'amortissement. Si, au contraire, le produit de ces encaissements dépassait 4,750,000 francs, le surplus serait versé entre les mains de notre Gouvernement.

Art. 11. Pour donner aux créanciers la plus entière sécurité notre Gouvernement fera connaître officiellement, aux Représentants des Puissances amies résidant à Tunis, les engagements par lui pris au présent Décret, et leur déclarera qu'il en place la loyale exécution sous la sauvegarde de leurs Gouvernements.

Fait au Palais du Bardo, le Dimanche, 7^e jour de la lune Moharram (19 Avril, 1869).

Approuvée.
(Signé) MOHAMED ESSADECK BEY.

Nous soussignés, Secrétaires Interprètes au Ministère des Affaires Etrangères, déclarons que le texte Français ci-dessus est la traduction fidèle du Décret de Son Altesse le Bey.

Tunis, le 30 Avril, 1869.
(Signé) P. V. CARLETTI.
ANT. CONTI.

Vu pour légalisation des signatures ci-dessus de MM. Carletti et Conti, Secrétaires Interprètes au Ministère des Affaires Etrangères de Son Altesse le Bey à Tunis.

Tunis, le 2 Mai, 1869.

Le Général Sous-Directeur au Ministère des
Affaires Etrangères,
(Signé) E. MUSALLI.

Vu pour la signature ci-dessus du Général E. Musalli, Sous-Directeur au Ministère des Affaires Etrangères de Son Altesse le Bey de Tunis.

Tunis, le 4 Mai, 1869.

Le Consul-Général et Chargé d'Affaires de France,
(Signé) A. BOTMELIAU

Inclosure 4 in No. 227

Summary of a Despatch from Mr. Wood to the Earl of Clarendon, dated April 24, 1868.

A COPY is inclosed of a circular note addressed by the Bey of Tunis to the foreign Representatives, in which His Highness states that he has made a contract with M. Pinard, Director of the Comptoir d'Escompte at Paris, for the unification of foreign and interior debts, and incloses a Decree annulling his former contracts with his creditors, and withdrawing the securities he had assigned to them.

This forcible and compulsory unification of Tunisian indebtedness is undertaken on the plea that the revenues are insufficient to meet the annuities on the loans of 1863 and 1865 amounting together to about 8,000,000 francs, as well as the interest upon the local loans calculated at 4,800,000 francs.

It is scarcely needful to state that such arbitrary a proceeding, evincing such a total disregard of previous engagements already in operation, has produced a panic and a feeling of insecurity difficult to describe.

Whatever may be the plausible object put forward by the Tunisian Government to palliate so flagrant an act of bad faith, the ostensible and real object is to destroy the local conversions, amounting to 40,000,000 francs, belonging to British, Italian, French, and other residents; to reduce the interest from 12 per cent.; and to deprive them of their pledges for the benefit of the loans of 1863 and 1865.

To effect so iniquitous a purpose the Tunisian Government has steadily followed for a long period a system of dissimulation and bad faith in order to create the impression both in France and elsewhere that it was unable to discharge its pecuniary obligations, and thus prepare the way for the attainment of ends that would be condemned as fraudulent were they practised by private individuals.

In the pursuit, therefore, of its object, it has intentionally omitted for the last eighteen months to remit to Paris the annuities due upon the loans of 1863 and 1865, with the exception of about 500,000 francs, and it has permanently avoided to pay for two years the salaries of the public servants, the arrears due to the troops, and the outlays for military stores and for the arsenal. But while it has resorted to these undue means to show its poverty, it has never failed to regularly collect and appropriate the revenue which, although lately diminished in amount, is still sufficient, under a proper and honest management, to fairly meet the obligations of the Government.

In confirmation of the foregoing some proofs may be adduced, namely, that out of the pledges given to the local loan of 40,000,000 francs the small sum of only 3,100,000 francs has been realized to pay the interest upon it during the last two years, but as 1,400,000 of the above sum are derived from the new items of revenue expressly created for the liquidation of the local loan, it follows that, in reality, the trifling amount of only 1,700,000 or 850,000 francs a year was charged upon the general revenue of the country, and that, consequently, the gross balance derived from the proceeds of the pledges and guarantees given was appropriated by the Government for its own use.

It appears from an official statement that the assertion that the local loan or conversions have and are absorbing the revenues of the Regency is entirely erroneous, and that up to the present date the average interest paid upon the four conversions has been about 4 per cent. since their creation in 1867, or 2 per cent. a year.

The assumption that the Tunisian Government is or was ever verging upon

insolvency is equally incorrect and simply set forth to give a semblance of urgency to a scheme of spoliation requiring to be veiled over in order not to be qualified as fraudulent and dishonest.

In 1864 the public register showed, and the Tunisian Government boasted, that it had a revenue of 40,000,000 piastres, and such was the credit that it enjoyed, and the confidence that the public had in its solvability and integrity, that when a general insurrection of the people occurred, which lasted several months, the foreign mercantile community unhesitatingly furnished it with very considerable sums of money against Treasury bonds and *teskérés*, or permits of export of native produce, to enable it to raise troops to suppress the revolt. Three successive years of drought, followed by a direful famine, intervened to prevent the regular collection of the taxes; but if the Government was unable under similar circumstances to satisfy its engagements with any degree of punctuality, it cannot be now pretended, with resources that have experienced no very sensible diminution, that it is verging upon insolvency simply because it unfairly avails itself of a past crisis to carry a financial scheme beneficial only to it and to a few stock-jobbing speculators, but ruinous to its local foreign creditors.

With a view to create a false security, it has been provided in the Bey's Decree that the foreign Consuls shall attest the correctness of the several estimates therein mentioned of the guarantees assigned for the payment of the interest upon the unified debt, amounting to 9,500,000 francs, and certify that they are sufficient for that purpose.

The items of revenue enumerated in the Decree as forming the new pledges are not only greatly overestimated, but as the export duties (said to average 125,000*l.*) must exclusively depend upon the abundance or not of the crops, their amount must always remain uncertain, and even precarious. Of this fact both the Tunisian Government and the Comptoir d'Escompte can entertain no doubt, particularly at a time when the country is recovering from the effects of three successive years of drought. In the like manner the stamp duty is noted as yielding 25,000*l.* a year, whereas it only produces about 9,000*l.*; and the same notable reductions must be also made in the excessively over-estimated value of the import and other duties. Nevertheless, the Government requires that the foreign Representatives should testify to the correctness of these nominal and deceptive pledges.

It cannot be supposed that any Consul will assume the grave responsibility of acceding to the requisition of the Decree; yet, were the creditors to be induced to inscribe their names in the Grand Register in the belief that the amount derived from nominal guarantees was sufficient to cover the annuity they would speedily find out that such was not the case, and that the interest of 8 per cent. would be reduced to 2 before the termination of the first year, and even to 1 per cent. on the first failure of the crops.

But, under all the circumstances, were it even practicable to compel British and Italian creditors to surrender their material pledges and exchange their present titles and stock against the scrip of the projected unification, the consequence to them would be the immediate loss of their capital. It has been frankly admitted to me that a scrip having a nominal value of 500 francs would not be marketable for more than 150 francs, owing to the uncertain and fluctuating nature of the pledges given. By way of illustration, a creditor who was forced to inscribe himself in the Grand Register for 100,000 francs would see his capital at once reduced to 15,000 francs.

The reverse, however, would be the case with the holders of shares in the loans of 1863 and 1865: different arrangement has been made in their favour. The interest due upon their scrip of 500 francs each will be capitalized, and, although their present marketable price varies from 130 to 170 francs, they will enter the unification at 500 and 582 francs. The operation would give immense profit to the contractors, while it would involve the spoliation of the holders of the other loans.

The 7th Article of the Decree likewise provides that no Treasury Bonds will be admitted into the unification unless they are previously examined and countersigned by the Minister of Finance. As the Tunisian Government has issued during the last year Treasury Bonds to the amount of 30,000,000 piastres which were sold both here in Paris and London at a heavy discount, it is evidently intended by the above provision to leave it optional with the Government and the Comptoir d'Escompte, either to accept or dishonour these bonds.

When last year the Bey issued a similar Decree in behalf of a certain M. Bureau for the unification of the Tunisian debts, the French Government directed its *Chargé d'Affaires* to formally protest in the name of the Emperor against such a flagrant

violation of existing contracts, which it stigmatized as highly dishonest, and to inform his Highness that as France would never allow such an act of bad faith to be carried out against foreign interests, he (the Bey) must immediately recal or abrogate his Decree. The injunction from Paris had the desired effect.

The principle, namely, the non-violation of existing solemn engagements which France supported and defended in the instance referred to, being the principle again involved, there is every reason to expect that she will continue to sustain it conjointly with Great Britain and Italy. Were it otherwise a precedent would be established in Tunis rendering contracts and engagements liable at any moment to be capriciously and arbitrarily cancelled, and every vestige of public security would vanish for the future.

The late French Minister for Foreign Affairs, M. de Moustier, felt the inconvenience of such a proceeding. His Excellency informed Her Majesty's Ambassador that he had stated to General Khairaddin, on his late mission to Paris to obtain the support of France for the unification of Tunisian debts, that the matter was one in which it would be difficult for the French Government to take the initiative.

"Certain branches of revenue were," his Excellency said on that occasion, "specially pledged to British and Italian creditors; and how could the Government of France take upon itself to propose to the British and Italian Governments to call upon their subjects to give up those pledges? Those Governments would naturally reply that this was a matter to be treated by them with the Bey, and not with a third party. If therefore, the Bey was desirous of making a fresh arrangement respecting those pledges, his proper course would be to enter into direct communications with the Government by whose subjects they were held."

It is not by an ill-advised scheme that the Regency can improve the embarrassed state of the finances, but by a radical change in its administrative system, which permits abuses of every description—spoliation, malversation, and personal aggrandizement of the public revenue; which latter, however, would be ample to meet its wants were they honestly and economically administered. At present, all is confusion and obscurity, and the Government does not attempt to remedy this state of things, so justly described by his Excellency M. de Laroquette in his exposition of Tunisian affairs in the Chambers, because the Members that compose it find it their interest to continue it.

Without this deplorable state of things there would be no need for the Bey to issue a Decree which, if enforced, would seal the ruin of from 4,000 to 5,000 families by the threatened confiscation of their property. It is this odious scheme that His Highness affects to place under the safeguard of the European Powers.

The Cabinet of Florence has, however, energetically protested against it, and holds the Bey responsible for any wrong done to the Italian creditors.

Disastrous consequences would assuredly accrue in a financial, administrative and political point of view, if the Tunisian Government should execute a contract that would burden the Regency with a public debt of 600,000,000 francs, which would become permanent, inasmuch as it is highly improbable that the resources of the country, so wantonly squandered, will suffice to liquidate it in the course of fifty-one years.

The French, English, Italian, Austrian, and Spanish trustees for the local conversions, have severally addressed protests against the acceptance and execution of the Bey's Decree.

No. 228.

The Earl of Clarendon to Lord Lyons

No. 500.)

My Lord,

Foreign Office, May 15, 1869

I HAVE received your Excellency's despatch No. 529 of the 14th instant, and its various enclosures respecting the question of Tunisian finance; and I approve of your Excellency's communication with M. Pinard upon this subject.

I am, &c
(Signed) CLARENDON

Mr. Wood to the Earl of Clarendon.—(Received May 16.)

(No. 11 Commercial.)

My Lord,

Tunis, May 8, 1869.

I HAVE the honour to submit a copy of a statement relating to Tunisian Finances which has been addressed to the French Chargé d'Affaires.

This document, drawn up with lucidity and impartiality, derives its importance from the circumstance that its authors are respectable French merchants of great local experience, whose opinion cannot but have some weight with the French Government in the question now under consideration by the three Governments.

According to the calculations therein made, it would appear that the securities given to the so-called French Loans of 1863 and 1865 amount to 460,000 francs, and as only 120,000 obligations at a nominal value of 500 francs each, representing 60,000,000 francs, still remain unpaid, it is adduced that the proceeds of the securities are not only sufficient to cover the interest of 7 per cent. upon the loans, but would leave besides a surplus sum of 400,000 francs for their amortization.

It likewise refers to the 60,000,000 francs of Treasury bonds that have been issued by the Tunisian Government, which has accounted but for a small portion of them that were disposed of at a heavy discount. It is, therefore, supposed that the object of the Government was to nominally increase its indebtedness preparatory to the contemplated unification, which it would have entered as a creditor with the residue of the bonds in its possession. By this disloyal operation, it would have shared, with the mass of its creditors, the interest due on the unfixed debt.

For these and many other reasons, the writers of the statement are opposed to the unification, and suggest the expediency of rejecting the Bey's Decree authorizing it. In fact, there is but one opinion on the subject amongst the residents here of all nationalities, whose local knowledge and experience enable them to form a just estimate of the matter.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure in No. 229.

Statement respecting Tunisian Finances.

A PROPOS du nouvel emprunt que le Gouvernement Tunisien veut contracter et qu'il vous a fait connaître par l'envoi du Décret qu'il vient de promulguer, permettez-moi de mettre sous vos yeux le Tableau Financier des Conversions Locales, et de vous faire, à ce sujet, quelques observations qui mettront plus en évidence l'impasse dans lequel le Gouvernement veut s'engouffrer sans souci aucun des nombreux intérêts qu'il compromet sciemment et au mépris des engagements les plus solennels et les plus sacrés.

Tableau des Emprunts du Gouvernement Tunisien connus sous le nom de Conversions Locales et des hypothèques qui leur servent de garanties.

(A.)—Montant des Conversions.

	Francs.
1. Première Conversion des 2 et 17 Mars et 8 Avril, 1867, s'élevant à la somme de ..	18,000,000
2. Deuxième Conversion du 1 Août, 1867, s'élevant à la somme de ..	10,000,000
3. Troisième Conversion du 2 Septembre, 1867, s'élevant à la somme de ..	10,000,000
4. Quatrième Conversion du 1 Janvier, 1868, s'élevant à la somme de ..	8,000,000
Total de l'emprunt effectué par les conversions ..	46,000,000

(B.)—Revenus de la Régence hypothéqués comme Garanties des Conversions.

1. Première Conversion.

1. Teskérés autorisant l'exportation des huiles, des laines, des dattes, et du savon.
2. Une certaine somme à prélever sur la ferme du tabac (300,000 francs) et une autre sur celle de l'octroi (400,000 piastres).

2. Deuxième Conversion.

1. Le revenu du droit du timbre, du kanoun des oliviers et des terrains de la province.
2. Tous les droits de sortie des produits du pays, excepté ceux concédés à la première Conversion.
3. Tous les produits des fermes, des marchés aux céréales et aux légumes, de la ferme du poisson, des fermes de Sfax, de la ferme du sel à Tunis, de la ferme de la province du Sud, de la ferme de Mater, de la ferme de Bizerte, de la ferme des légumes à Gerba, de la ferme de la fabrication des vins et esprits, de la ferme de Béja, de la ferme de Gabès, de la ferme de Goulette.
4. Une certaine somme à prélever sur la ferme du marché aux fruits et une autre sur celle du tabac (ce qui reste des deux sommes ci-dessus mentionnées étant payé à la première Conversion).
5. L'impôt sur le Djérid.

3. Troisième Conversion.

1. Assignés sur les fermiers.
2. Teskérés sur les Kaida.

4. Quatrième Conversion.

1. Produits des fermes des cuirs, du plâtre, du charbon, de la chaux et des briques, de la fabrication des tissus de laine, de la fabrication du savon à Tunis, du fil d'argent.
2. Mahaulat de Gerba, impôt du Souassi, impôt de Neffet.
3. Droit sur les immeubles (Carouba), droits militaires, droits de sortie sur les tissus de laine et des bonnets, créés spécialement pour cette Conversion et qui par conséquent n'ont pu être accordés à la deuxième Conversion parce qu'alors ils n'existaient pas, droit du tannin.

(C.)—Valeur des Coupons échus au 30 Avril, 1869, et qui devraient déjà être payés.

	Francs.
1. Première Conversion	2,580,000
2. Deuxième Conversion	2,000,000
3. Troisième Conversion	2,100,000
4. Quatrième Conversion	1,360,000
Total des intérêts échus et qui devraient être payés	8,040,000

(D.)—Valeur des Coupons payés au 30 Avril, 1869, par les soins de MM. les Administrateurs des Conversions.

	Francs.
1. Première Conversion	1,500,000
2. Deuxième Conversion	2,000,000
3. Troisième Conversion	100,000
4. Quatrième Conversion	240,000
Total de la portion payée des intérêts échus	3,840,000

Tel est, M. le Chargé d'Affaires, l'exposé succinct et fidèle de l'état financier des Conversions Locales au 30 Avril, 1869.

Par ce tableau vous voyez que les intérêts échus des 46,000,000 francs hypothéqués par les Conversions auraient dû produire une somme de 8,040,000 francs, et qu'une partie de cette somme, soit 3,840,000 francs, a seulement été payée, c'est-à-dire, un peu plus du tiers des intérêts qui sont dus. Ainsi malgré l'habileté financière, l'intégrité incontestable, et surtout l'activité et le zèle déployés par les administrateurs des Conversions, une portion assez minime des intérêts a pu seulement être payée. En somme il ressort de ces comptes que les actionnaires des Conversions n'ont en réalité reçu pour les exercices écoulés, qu'un intérêt, savoir, pour la première Conversion de 6 francs 82 centimes pour cent par an, pour la deuxième de 6 francs 85 centimes pour cent par an, pour la troisième de 60 centimes pour cent par an, et pour la quatrième de 2 francs 25 centimes pour cent par an. Ce qui pour les quatre Conversions réunies produit un intérêt moyen de 4 francs 8 centimes pour cent par an.

Aujourd'hui le Gouvernement contracte avec le Comptoir d'Escompte un nouvel engagement par lequel il veut unifier toutes ses dettes, et les réduire en une seule Conversion au capital de 172,000,000 francs remboursables en 51 ans, et pour lequel

il ne payerait plus soi-disant qu'un intérêt de 5 francs pour cent par an. En vertu de son contrat, le Gouvernement Tunisien s'engage de verser annuellement pendant ces 51 années au Comptoir d'Escompte la somme de 9,500,000 francs pour les intérêts et l'amortissement du capital.

Or, pour qui connaît le pays et l'état de crise dans lequel il se trouve, il est incontestable que le Gouvernement Tunisien ne pourra jamais remplir ce nouvel engagement. En effet, comment le ferait-il quand depuis deux ans et demi il n'a pu solder les intérêts échus des deux emprunts 1863 et 1865; quand depuis la même époque il ne paye plus aucun de ses employés; quand la marine et l'armée restent sans solde, et que les malheureux soldats n'ont que les haillons pour se vêtir; quand les Princes du sang eux-mêmes ne peuvent toucher la malgre rente que l'Etat leur alloue à titre de majorat, et qui constitue cependant aujourd'hui à peu près toutes leurs ressources, quand enfin ses dettes qu'on pourrait appeler criardes ne sont pas même acquittées? Il y a plus, nous voyons que l'établissement des Conversions locales représentent, comme je l'ai établi plus haut, un capital de 40,000,000 francs; les commissaires qui en ont la direction n'ont pu, malgré leur bonne administration, malgré toutes les garanties dont ils sont nantis, payer qu'une minime partie des intérêts échus; et cependant les garanties dont jouissent les Conversions se composent de droits et d'impôts qui pour le plupart ont été créés, ou au moins dont les tarifs ont été considérablement augmentés, pour le service des Conversions, elles constituent avec les garanties hypothèques par les deux emprunts de 1863 et 1865, la plus grande partie des ressources de la Régence, et, dans tous les cas, elles en forment le plus clair et le plus sûr des revenus. On est donc en droit de se demander où le Gouvernement Tunisien ira chercher les fonds dont il a besoin pour parquer, pendant 51 ans, l'annuité de 9,500,000 francs qu'il s'engage à payer au Comptoir d'Escompte pour les intérêts et l'amortissement d'un capital de 172,000,000 francs, représentant l'unification de toutes ses dettes intérieures et extérieures.

Le Gouvernement Tunisien possède donc des ressources cachées; et l'attitude honteuse qu'il n'a pas craint de tenir depuis près de trois ans vis-à-vis de ses créanciers n'est donc qu'une comédie.

Mais n'est-il pas plus naturel de croire que le Gouvernement Tunisien est aux abois, et que tout moyen lui semble bon pour battre monnaie? Après tout ce que le pays a connu, ne devons-nous pas nous en étonner plutôt que ce Decret d'Unionat ou ne soit un nouveau piège tendu aux gens de bonne foi, et dans le seul but de gagner du temps afin de pouvoir encore une fois tromper le public? Les sages appréciations de personnes ayant l'expérience du pays font adopter cette opinion au plus grand nombre, et je n'hésite pas moi-même à me ranger à cet avis.

Mais, dira-t-on, si l'unification ne se fait pas, les intérêts des créanciers extérieurs, et notamment ceux des actionnaires des deux emprunts 1863 et 1865, sont sacrifiés au bénéfice exclusif des Conversions qui ont accaparé toutes les ressources de la Régence. Cette assertion est complètement fautive, et c'est précisément le contraire qu'il faudrait dire. Et pour le prouver je commencerai par diviser en deux classes les créanciers qui se trouvent en dehors des conversions:—1. Les actionnaires des deux emprunts 1863 et 1865. 2. Les porteurs des teskérés de la dette flottante.

D'abord il est incontestable que les actionnaires des deux emprunts 1863 et 1865 perdent à l'unification; car les hypothèques garantissant le capital de ces deux emprunts représentent un revenu réel de 4,600,000 francs au moins, comme on peut le voir par le Tableau suivant.

TABLEAU des Revenus de la Régence de Tunis hypothéqués pour servir de garantie aux deux Emprunts de 1863 et 1865.

	Francs
1. Droits sur les oliviers du Sahara, évalués au moins à	1,000,000
2. Droits sur les salines du Djerd	500,000
3. Douane de toute la Régence évaluée à	500,000
4. Droits des étalages	100,000
5. M. de la taxe personnelle évaluée à	2,000,000
Total des revenus hypothéqués pour le service des deux emprunts de 1863 et 1865	4,600,000

Les deux emprunts de 1863 et 1865 comptent encore 120,000 obligations d'une valeur nominale de 500 francs, soit un capital de 60,000,000 de francs. Le capital doit recevoir un intérêt annuel de 7 pour cent, soit 4,200,000 francs. En supposant que les recettes hypothéquées ne s'élèvent qu'au minimum de 4,600,000 francs portés au Tableau ci-dessus, il resterait encore dès la première année une somme de 400,000 francs pour l'amortissement du capital.

Mais il est impossible, me dira-t-on, que les garanties hypothéquées produisent ce chiffre; ce n'a été qu'une leurre pour attirer les actionnaires, puisque depuis deux ans et demi les intérêts sont restés en souffrance.

Je répondrais, Les revenus affectés aux garanties des deux emprunts de 1863 et 1865 n'ont point cessé de produire au moins les sommes portées au Tableau ci-dessus; c'est un fait qu'il sera toujours facile de vérifier: mais il aurait fallu pour la sûreté des actionnaires que ces revenus fussent administrés, à Tunis même, par les soins des banquiers qui ont fait ces opérations; il aurait fallu qu'une Commission spéciale, siégeant à Tunis à l'instar des Conversions, surveillât elle-même la perception de ces revenus et les empêchât d'entrer dans les caisses de l'Etat.

Et il faut vraiment être d'une naïveté qui outrepassait tout ce que l'on peut dire, il ne faut pas connaître l'Orient, ou alors s'aveugler de parti pris, pour avoir cru que le Gouvernement Tunisien ferait lui-même ce recouvrement pour le compte des compagnies et verserait en suite intégralement dans leurs caisses le montant exact des revenus hypothéqués. Je citerai à l'appui de ce que j'avance, ce qui se passe à l'égard des Conversions elles-mêmes: la première, par exemple, n'a jamais touché qu'un faible acompte, et encore la première année de son exercice seulement, des deux sommes de 300,000 francs et 400,000 piastres qu'elle doit prélever sur la ferme des tabacs et sur celle de l'octroi.

Il en est de même des autres Conversions, les Commissaires ne peuvent réellement compter que sur ce qu'ils ont en main et sur ce qu'ils peuvent administrer eux-mêmes; les sommes à prendre sur les Kaida ou sur les fermiers ne présentent que des garanties illusoires, et c'est ce qui explique pourquoi les actionnaires des Conversions n'ont pu recevoir jusqu'à présent qu'un tiers ou environ des intérêts échus.

Comme on le voit, les actionnaires des deux emprunts 1863 et 1865 auraient un intérêt réel à rester isolés et s'administrer eux-mêmes à Tunis les revenus qui leur sont hypothéqués par une Commission chargée d'en faire la perception. Rien ne s'oppose à ce qu'ils exercent ce droit incontestable comme le font les Conversions, pourquoi alors ne le feraient-ils pas? Cette administration nécessiterait forcément quelques dépenses. Mais ces frais seront bien moindres que ceux qu'on n'a pas craint d'allouer au Comptoir d'Escompte pour sa gestion, et ce serait encore tout bénéfice pour le Gouvernement Tunisien et les actionnaires. Dès les premiers instants de leur administration, ceux-ci comprendraient qu'ils ont pour rester isolés et s'administrer eux-mêmes, deux motifs sérieux, très graves, et sans réplique.

1. Les garanties qui leur sont hypothéquées sont de tous points préférables à celles des Conversions; elles constituent un revenu supérieur et beaucoup plus certain, parce que ce sont de vieux revenus basés sur des Tarifs déjà anciens, tandis que les ressources affectées aux services des Conversions sont, comme je l'ai dit, de nouvelle création pour la plupart, ou ont subi des augmentations dans leurs Tarifs. D'ailleurs, si l'on trouvait insuffisantes, ce qui n'est pas, les garanties affectées au service des deux emprunts de 1863 et 1865, on pourrait encore par un arrangement avec le Gouvernement Tunisien, y ajouter celles possédées par les Conversions, lorsque celles-ci auraient été entièrement soldées.

2. En unifiant la dette, les actionnaires des deux emprunts de 1863 et 1865 voient diminuer forcément, avec le taux de leur intérêt, les garanties qu'ils possèdent exclusivement car ces garanties devront être partagées avec les porteurs des 60,000,000 teskérés représentant la dette flottante avouée, et il est facile de se convaincre que les garanties des Conversions auxquelles ils participeraient alors avec la masse des créanciers, ne compenseraient nullement la perte réelle qu'ils feraient en abandonnant celles qu'ils possèdent. Ceci n'a pas, ce me semble, besoin d'autres commentaires.

Et il est temps maintenant de dire deux mots de ces 60,000,000 de dette flottante qu'on veut à toute force doter des bénéfices dont jouissent les Conversions, au détriment de celles-ci, et des actionnaires des deux emprunts de 1863 et 1865.

D'abord je constate qu'au moment où les Conversions se sont établies, la dette flottante avouée n'était que de 10,000,000, dont 2,000,000 environ en teskérés possédés par des créanciers parfaitement connus et dont la créance était et est clairement justifiée. Cette dette s'est donc augmentée en très peu de temps du chiffre énorme de 50,000,000. Où ces 50,000,000 ont-ils passé? C'est un mystère que je ne chercherai point à élucider, je me borne à constater le fait. Toujours est-il que les créanciers porteurs de ces titres n'ignoraient point à quoi ils s'exposaient en prêtant leur argent; les finances de la Régence n'étaient point dans un si brillant état au moment où cette nouvelle dette se contractait. Je trouve donc très naturel qu'un laisse courir à ces prêteurs le risque auquel ils se sont d'eux-mêmes exposés; et en vérité la prétention qu'ils ont de vouloir venir aujourd'hui partager des garanties données à des créances loyales, faites au grand jour, sur la place de Tunis, est plus qu'étrange. Quant ils ont prêté, ils n'ignoraient

point que ces garanties réclamées par eux aujourd'hui étaient hypothéquées; ils ne pouvaient donc avoir aucun espoir de les posséder un jour. Ils prêtaient d'ailleurs sans conditions; pourquoi veulent-ils aujourd'hui des garanties qu'ils n'exigeaient pas alors? Les choses restant ce qu'elles sont, ils n'ont pas droit de se plaindre; personne ne les lèse; pourquoi voudraient-ils donc porter préjudice aux autres?

Il y a cependant 2,000,000 de teskerés dont les porteurs méritent tout notre intérêt comme je l'ai déjà dit, et il ne serait pas juste de mettre ces créanciers au nombre de ceux qui le sont pour les 58 000,000 restants. D'ailleurs, par des causes indépendantes de leur volonté, ils n'ont pu entrer dans les Conversions lorsque celles-ci se sont formées. Mais il serait facile, je crois, sans blesser les intérêts de personne, d'obtenir du Gouvernement un arrangement pour ces 2,000,000, et d'en faire comme une cinquième Conversion.

Car il ne faut pas croire, comme on l'a dit, que les deux emprunts de 1863 et 1865, et les Conversions, ont absorbés toutes les ressources du Gouvernement. Je n'en veux pour preuve que les dépenses que nous lui voyons faire tous les jours; on construit en ce moment à la Manouba un palais qui a coûté 3,000,000, sans compter les décorations intérieures et l'ameublement. Je pourrais encore citer tels autres palais bâtis par de hauts personnalités, et bien d'autres folles dépenses qu'il me serait d'ailleurs difficile de qualifier ici.

Telles sont, M. le Chargé d'Affaires, les considérations que j'ai cru devoir vous exposer. Je les ai développées avec la pensée d'être utile à la Colonie Européenne en général, et en particulier à nos compatriotes, dont les intérêts peuvent être engagés, soit dans les Conversions locales, soit dans les deux emprunts de 1863 et 1865; intérêts qui, dans tous les cas, se trouveront gravement menacés si le dernier Décret du Bey devait recevoir son exécution.

No. 230.

Mr. Wood to the Earl of Clarendon.—(Received May 16.)

(No. 18.)

My Lord,

Tunis, May 2, 1869.

I HAVE the honour to state that as the Italian Representative sent the following telegram to General Menabrea, I begged him to desire his Excellency to communicate it to your Lordship, as I am unprovided with a cypher—

"J'apprends confidentiellement que dépêche télégraphique de Paris au Rardo annonce arrivée prochaine Tunis Prince Napoléon, dont l'Aide-de-camp, Bentils, a signé contrat amitié. Cela étant le Prince ne viendrait que pour appuyer Décret Bey et obtenir autres concessions. Agent Anglais prie d'en vouloir informer son Gouvernement pour qu'il ait des instructions de s'unir à moi dans les démarches exigées en pareilles circonstances."

I have, &c.
(Signed) RICHARD WOOD

No. 231.

The Earl of Clarendon to Sir A. Paget.

(No. 78.)

Sir,

Foreign Office, May 17, 1869.

I TRANSMIT to you herewith, for your information, and for communication to the Italian Government, a copy of a despatch from Mr. Wood,* inclosing a copy of the protest which he had addressed to the Bey of Tunis against the Decree for the unification of the foreign and internal debts, and also of his communications with his French colleague on the subject.

I am, &c.
(Signed) CLARENDON.

* No. 232.

No. 232.

The Earl of Clarendon to Mr. Wood.

(No. 12.)

Sir,

Foreign Office, May 18, 1869.

WITH reference to your despatch No. 12 of the 2nd instant, I have to instruct you to adhere strictly to the instructions referred to in my despatch No. 10 of the 5th instant; and you will renew the protest which you were therein instructed to make against the arbitrary proceedings of the Tunisian Government, if in the opinion of your colleagues and yourself it should be thought necessary.

I am, &c.
(Signed) CLARENDON.

No. 233.

Lord Lyons to the Earl of Clarendon.—(Received May 21.)

(No. 548.)

My Lord,

Paris, May 20, 1869.

WITH reference to my despatch No. 520 of the 14th instant, I have the honour to transmit to your Lordship drafts of a despatch to be addressed by the French Minister for Foreign Affairs to the French Chargé d'Affaires at Tunis, and of a Decree to be issued by the Bey in order to establish the proposed Mixed Commission.

The drafts were brought to me yesterday by M. Desprez, the Political Director in the French Foreign Office, who said that M. Rouher hoped they would meet with the approval of the Government of Her Majesty, and was very anxious to be informed of this as soon as possible.

M. Desprez added that he was about to give copies of the same drafts to the Italian Minister, the Chevalier Nigra.

Your Lordship will perceive that the IIIrd Article of the proposed Decree provides that the Executive Section shall discharge all the functions assigned to the Commission by the Decree of the 4th of April, 1868.

It is therefore essential that there should be no mistake as to the exact terms of this last named Decree, and I have accordingly asked M. Desprez to send me an authentic copy of it, to forward to your Lordship.

I have, &c.
(Signed) LYONS.

Inclosure 1 in No. 233.

Draft of Despatch to be addressed to the French Chargé d'Affaires at Tunis.

Paris, le Mai, 1869.

LORSQUE le paiement des coupons de la dette extérieure l'année s'est trouvé suspendu dans le courant de l'année 1867, les intéressés ont bientôt acquis la triste conviction que la crise était profonde et réclamait des mesures exceptionnelles. La pensée de créer une Commission qui serait chargée de régulariser la perception des revenus de la Régence et d'en surveiller l'emploi n'a pas tardé à se faire jour. Cette idée s'est rapidement répandue parmi les souscripteurs des emprunts extérieurs, et le Bey lui-même, reconnaissant la nécessité de faire appel aux lumières et aux hommes expérimentés dans les questions de finances et de donner une garantie de bon vouloir aux créanciers de son Gouvernement, s'est approprié cette combinaison par un Décret du 4 Avril, 1868. En vertu de cet acte, une Commission devait être instituée dans le délai d'un mois; elle était composée de deux fonctionnaires nommés par le Gouvernement de la Régence, de deux notables élus par le corps des négociants étrangers à Tunis, de deux mandataires Français des obligations des emprunts souscrits en 1863 et 1865, du premier Député de la nation Française, enfin d'un Inspecteur des Finances délégué par le Gouvernement de l'Empereur à la demande du Bey.

Je ne rappelle pas ici les attributions de la Commission, parce qu'elles n'ont pas été contestées; mais la proportion dans laquelle les divers intérêts devaient y être représentés a soulevé des objections de la part des porteurs Anglais et Italiens de la dette intérieure.

Nous avons pris acte du Décret rendu par le Bey, et nous étions décidés à en maintenir le principe, car la situation des détenteurs Français des obligations Tunisiennes

devenait de jour en jour plus critique; mais nous n'avions pas l'intention, en sauvegardant leurs intérêts, de porter atteinte à ceux des autres étrangers, et nous avons déclaré que nous étions prêts à examiner, d'accord avec les Cabinets de Londres et de Florence, en quoi le Décret du 4 Avril pouvait léser leurs nationaux.

Nous avons tenu la parole que nous avions donnée, et après des pourparlers dans lesquels nous avons apporté un sincère esprit de conciliation nous nous sommes entendus avec le Gouvernement Anglais et le Gouvernement Italien sur une combinaison acceptable pour tous. A nos yeux, le Décret du 4 Avril n'a pas cessé de subsister; mais des modifications importantes y peuvent être introduites. Rien ne serait changé à la compétence de la Commission envisagée dans son ensemble; son organisation serait toutefois différente. La tâche qui lui est dévolue serait répartie entre deux Comités distincts: un Comité Exécutif chargé des pouvoirs administratifs déjà conférés par le Bey et formé de deux fonctionnaires Tunisiens, ainsi que d'un Inspecteur des Finances Français mis à la disposition de son Altesse; un Comité de Contrôle ayant mission de connaître de toutes les opérations du Comité Exécutif, et composé de deux Membres de chacune des nationalités Française, Anglaise, et Italienne respectivement désignés par les intéressés.

Le Bey ne saurait éprouver aucune hésitation à adopter cette combinaison, car elle tient compte beaucoup plus que son Décret primitif de sa propre souveraineté, puisque toutes les attributions administratives de la Commission se trouvent ainsi entre les mains du Comité Exécutif nommé directement par lui.

Quant au Comité de Contrôle, du moment où sa composition satisfait aux observations élevées par les Cabinets de Londres et de Florence au nom de leurs nationaux, le Gouvernement Tunisien n'aurait aucune raison légitime de ne pas l'admettre tel que nous proposons de le constituer. L'assentiment de l'Angleterre et de l'Italie fait disparaître la difficulté qui seule l'arrêtait au début.

Pour donner force de loi à cette combinaison, il suffira que le Bey rende un Décret se référant à celui du 4 Avril et faisant connaître purement et simplement les modifications qui y sont apportées. Afin de faciliter l'entente à cet égard et de prévenir tout malentendu nous avons préparé le projet ci-joint, qui a déjà à présent l'approbation du Gouvernement Anglais et du Gouvernement Italien, auxquels j'ai eu soin de le communiquer. Je me suis assuré également que vous pourriez compter sur le concours de vos collègues d'Angleterre et d'Italie dans les démarches que vous avez à faire pour obtenir la promulgation de ce nouveau Décret.

Vous voudrez donc bien, dès que vous saurez que Mr. Wood et M. Pinna ont reçu leurs instructions, vous rendre auprès du Bey pour lui faire connaître l'accord intervenu entre les trois Gouvernements. Vous ne perdrez pas de vue que la situation financière s'aggrave de jour en jour à Tunis, et que nous avons pris devant les Chambres l'engagement d'insister en faveur de l'établissement immédiat de la Commission dont nous avons indiqué publiquement les dispositions essentielles. Tout nouvel ajournement serait inadmissible, et nous comptons que le Gouvernement Tunisien, contre lequel s'élèvent aujourd'hui tant de réclamations légitimes, voudra donner, du moins, un gage de ses bonnes dispositions en adhérant sans plus de retard à l'arrangement que nous lui présentons.

Incilosure 2 in No. 233.

Draft of Decree.

Article 1. La Commission instituée par notre Décret du 4 Avril, 1868, sera divisée en deux Comités distincts, un Comité Exécutif et un Comité de Contrôle.

Art. 2. Le Comité Exécutif sera composé de la manière suivante:—

Deux fonctionnaires Tunisiens nommés par le Gouvernement de la Régence et un Inspecteur des Finances Français également nommé par le Gouvernement de la Régence et préalablement désigné par le Gouvernement de Sa Majesté l'Empereur des Français.

Art. 3. Le Comité Exécutif aura toutes les attributions primitivement dévolues à la Commission, telles qu'elles se trouvent définies dans notre Décret précité.

Art. 4. Le Comité de Contrôle sera composé de la manière suivante: deux membres Français représentant les créanciers des emprunts de 1863 et 1865; deux membres Anglais et deux membres Italiens représentant les porteurs des titres de la dette intérieure. Chacun de ces délégués recevra directement son mandat des porteurs de titres des emprunts et conversions de l'Etat Tunisien, dûment prévénus à cet effet par les soins du Gouvernement de la Régence et sous la surveillance du Comité Exécutif.

Art. 5. Le Comité de Contrôle connaîtra de toutes les opérations du Comité Exécutif.

Il sera chargé de les vérifier et de les approuver, s'il y a lieu. Son approbation sera nécessaire pour donner un caractère exécutoire aux mesures d'intérêt général délibérées par le Comité Exécutif.

Les cinq Articles ci-dessus ont été stipulés le

No. 234.

Lord Lyons to the Earl of Clarendon.—(Received May 22.)

(No. 548.)

My Lord,

Paris, May 21, 1869.

M. DESPREZ has sent me a copy of the Decree of the Bey of Tunis of the 4th April, 1868, and I have the honour to transmit a copy to your Lordship herewith.

By the fifth Article of the draft of a new Decree, which was inclosed in my despatch No. 546 of yesterday, it is provided that the Executive Committee of the proposed Financial Commission shall discharge all the functions assigned to the Commission by the Decree of the 4th April, 1868.

It remains therefore to be considered how far this provision is in conformity with the terms stated by your Lordship to the Prince de la Tour d'Auvergne, and recorded in your despatch to me No. 418 of the 21st ultimo.

Your Lordship required, among other things, that the functions of the Administrative Section should be prospective, and should not extend to settling arrear arrangements already entered into by the Tunisian Government for the security of foreign creditors, or to diverting from them sources of revenue already appropriated for the liquidation of their claims. On the other hand, the sixth Article of the Decree of April 4, 1868, contains the following clause:—"La Commission recherchera une répartition équitable des revenus publics, en tenant compte dans une juste proportion de tous les intérêts, et elle dressera un tableau des revenus qui pourraient être affectés spécialement aux créanciers du Bey."

If the Administrative Section, which will be exclusively Tunisian and French, were to exercise the power conferred by this clause without control, the English and Italian creditors would probably take alarm. It is provided, however, by the last Article of the proposed new Decree that the approbation of the Controlling Section shall be necessary to give executive force to all measures of general interest taken by the other section and in the Controlling Section the English and Italian creditors together have four representatives, while the French creditors have only two.

Before assenting to the draft of the new Decree, Her Majesty's Government will no doubt examine very carefully the question whether the preponderance given to England and Italy in the Controlling Section is a sufficient security against any abuse, to the prejudice of English and Italian creditors, of the powers conferred upon the other section.

Supposing the control to be sufficient for the security of the English and Italian claims, I should be sorry to restrict the actions of the Commission within very narrow limits.

If, indeed, it were possible to fuse the French, English, and Italian claims into one common stock on perfectly fair terms, I should think this extremely desirable. In fact, unless this be done I have not very much hope of our getting clear of the present embarrassments. The Bey uses the English and Italian claim as a pretext for not paying the French, and the French claim as a pretext for not paying the English and Italians; and as each of the three Governments feels bound to support its own subjects, it is very difficult for the three to act together to obtain justice for all. Nor am I without apprehension that the Commission as at present constituted may tend to perpetuate this awkward state of things. France being virtually predominant in the Administrative Section, while the majority in the Controlling Section belongs to the English and Italian creditors, it may be feared that the two sections will not agree, and that thus the Commission will come to a deadlock, and a fresh appeal be made to the Governments.

We are, however, bound by our agreement with France to try the experiment of this Commission if the terms upon which our consent was given are observed, and I think there can be no doubt that as the experiment must be made, the sooner it is made the better.

It would certainly, in my opinion, have been more business-like and satisfactory if, instead of referring to the Decree of the 4th April, 1868, the new draft had contained a fresh statement of the functions of the Administrative Section. As

Mr. Hammond to the Prince de la Tour d'Auvergne.

(Private)

M. l'Ambassadeur,

Foreign Office, May 22, 1869.

LORD CLARENDON desires me to inform your Excellency that Lord Lyons will receive instructions by this evening's mail to suggest to M. Rouher that the most convenient course would be that the Bey of Tunis should absolutely revoke his Decree of the 4th of April, 1868, and embody such of the provisions of it as it may be thought advisable to retain in the new Decree of which M. Rouher has communicated a draft to Lord Lyons. By this course the inconvenience of the co-existence of two Decrees, differing in some respects from each other, would be obviated, and the operations of the two Commissions, as well as their harmony, much facilitated.

If M. Rouher is disposed to adopt it, Lord Lyons will request him to frame the amended draft, which, when sent over to this country, will receive the immediate attention of Her Majesty's Government.

Your, &c.
(Signed) B. HAMMOND.

The Earl of Clarendon to Lord Lyons.

(No. 518.)

My Lord,

Foreign Office, May 22, 1869.

I HAVE received your Excellency's despatches Nos. 544 and 548 of the 20th and 21st instant, the former inclosing, for the concurrence of Her Majesty's Government, the draft of an instruction which the French Government propose to address to their Agent in Tunis, directing him to submit to the Bey a project of Decree for giving effect to the understanding arrived at between the British, French, and Italian Governments, in regard to the Commission to be set on foot for the settlement of the financial difficulties in the Regency of Tunis. The latter inclosing a copy of the previous Decree of the Bey, which is referred to in the new draft as to continue in force so far as it is not modified by the latter.

Your Excellency calls my attention to an apparent discrepancy between the two Decrees, which, if it remains unexplained, may hereafter be productive of trouble. You rightly observe that the stipulation in my despatch No. 418 of the 21st of April that the functions of the Administrative Commission should be prospective, and should not extend to the setting aside arrangements already entered into by the Tunisian Government for the security of foreign creditors, or to diverting from them sources of revenue already appropriated for the liquidation of their claims, may be neutralized, if the 6th Article of the original Decree of the 4th of April is to be taken as the rule to be observed by the Administrative Commission to be appointed under the new Decree. There is, however, some security against mischief arising from this cause in the provision of the new Decree by which the Commission of Control has power to approve or disapprove measures of general interest taken by the Executive Commission.

Her Majesty's Government agree with your Excellency in considering that inconvenience may result from the co-existence of the two Decrees, and therefore, although they are content that you should, if he abuses by his present proposal, acquaint M. Rouher that Her Majesty's Government acquiesce in it, and that you are authorized to inform Her Majesty's Agent and Consul-General in Tunis that they do so, they would wish you, in the first instance, to suggest to his Excellency that the preferable course would be that the original Decree should be absolutely revoked, and that so much of its provisions as it may be necessary to retain should be incorporated in the new Decree. This would be the simplest course, and the one best calculated to insure the smooth and harmonious working of the two Commissions, and if M. Rouher should agree to adopt it, you will suggest to him to frame an amended draft accordingly, which, when received from your Excellency, Her Majesty's Government will give immediate attention, and apprise you without delay of the view they may take of it which may reasonably be expected to be favourable, if the draft is conceived in such terms as may consist with the understanding arrived at between the two Governments.

I am, &c.
(Signed) CLARENDON.

matters stand it is not perfectly clear how much of the previous Decree remains in force, and how much is abrogated; and there are in it some objectionable provisions, such as the engagement of the Bey to come to an understanding with the Government of France, no mention being made of the other two Powers, in case of his desiring to contract a considerable loan.

The French draft does, however, distinctly establish the point of most importance, viz., that England and Italy shall each have the same number of votes with France in the Controlling Section.

I have to-day had some conversation with the Chevalier Nigra on the French draft. He appears to take very much the same view of it that I do.

I have, &c.
(Signed) LYONS.

Inclosure in No. 234.

Decree of the Bey of Tunis, dated April 4, 1868.

(Translation.)

Article 1. Une Commission sera instituée à Tunis dans le délai d'un mois par un décret de nous.

Art. 2. Cette Commission sera composée de la manière suivante —
Deux fonctionnaires nommés par le Gouvernement de la Régence;
Deux notables élus par le corps des négociants étrangers à Tunis,
Deux mandataires Français des porteurs d'obligations des emprunts souscrits en 1863 et 1865.

Le premier Député de la nation Française;
Un Inspecteur des Finances délégué par le Gouvernement de l'Empereur à la demande de Son Altesse.

La présidence honoraire sera confiée à l'un des deux fonctionnaires Tunisiens désignés par le Bey. La vice-présidence appartiendra à l'Inspecteur Français des Finances.

Art. 3. La Commission est chargée de constater l'état actuel des diverses créances constituant la dette de la Régence et les ressources à l'aide desquelles le Gouvernement du Bey serait en mesure d'y satisfaire.

Art. 4. Cette Commission ouvrira un registre sur lequel seront inscrites toutes les dettes contractées tant à l'étranger qu'à l'intérieur et qui consistent en Teskérés ou bons de Trésor, ainsi qu'en obligations de l'emprunt de 1863 et de celui de 1865.

Pour les dettes qui ne seront pas contraindables par des contrats publics, les porteurs de titres devront se présenter dans un délai de deux mois. A cet effet il sera publié un avis dans les journaux de Tunis et à l'étranger.

Art. 5. Lorsque la Commission aura besoin de prendre connaissance de tous les documents authentiques des rentrées et des dépenses, le Ministère des Finances lui en fournira tous les moyens.

Art. 6. Le Budget des recettes étant ainsi placé en regard de celui des dépenses augmenté du chiffre de la dette, la Commission recherchera le moyen d'établir une répartition équitable des revenus publics, en tenant compte dans une juste proportion de tous les intérêts, et elle dressera un tableau des revenus qui pourraient être affectés spécialement en garantie aux créanciers du Bey.

Art. 7. La Commission prendra tous arrangements relatifs à la dette générale, sans cependant pouvoir s'occuper, comme affaires financières, des impôts intérieurs du Gouvernement, toutefois lorsqu'il s'agira de l'intérêt de la dette générale, toute mesure prise par elle sera exécutée, et le Gouvernement Tunisien lui donnera tout l'appui nécessaire à cet effet.

Art. 8. La Commission Financière percevra tous les revenus de l'Etat sans exception, et le Gouvernement ne pourra émettre aucun bon du Trésor ou valeur quelconque sans l'assentiment de la dite Commission; et si le Gouvernement était obligé (ce que Dieu ne veuille) à faire un emprunt considérable, il devra en cette circonstance faire connaître son désir au Gouvernement Français; si, au contraire, c'était un petit emprunt, la Commission Financière serait appelée à établir et à fixer la somme qui paraîtrait nécessaire.

Tous les Teskérés qui seront émis pour la somme affectée par la Commission aux dépenses du Gouvernement seront écrits au nom de la Commission qui y mettra son visa; les Teskérés ne devront point excéder le chiffre fixé au Budget des Dépenses.

Les huit Articles ci-dessus ont été stipulés le 12 du mois de Nedjja, 1284 (4 Avril, 1868).

Mr. Wood to the Earl of Clarendon.—(Received May 23.)

(No. 12. Commercial.)

My Lord,

Tunis, May 15, 1869.

I HAVE the honour to state that my Italian colleague has informed me that, in an interview with the Prime Minister on the 13th instant, his Excellency said to him distinctly, though confidentially, in reply to his observations that the French Government would reject, in principle, the right of the Bey to violate his solemn contracts, that he did not concur in his opinion inasmuch as the French Government did not ignore the negotiations which had been going on for some time previously between M. Pinard and Tunis for the forced unification; and that, in short, the signatures of the power of attorney which M. Pinard had given to Commandant Bonfils to terminate them were attested and certified by the Ministry of Foreign Affairs. Besides this avowal, the Minister stated, moreover, that M. Bonfils was the bearer of letters of recommendation from personages holding high and influential positions in Paris, encouraging the Tunisian Government to accede to the proposed financial operation. It was in view of these recommendations and encouragements, which implied approval, that the Bey had decided to issue his Decree.

A similar course of action appears to have been pursued during the time that the late M. de Moustier held the seals of the Foreign Department; and I come to this conclusion from what dropped from M. Bonfils himself in a late conversation I have had with him on the subject of the Bey's Decree. In endeavouring to persuade me that the three Governments were agreed and would accept the forced unification as an accomplished fact, he said that, previous to his departure last autumn from Paris to visit Tunis, he had called upon the late Marquis to acquaint him with the object of his mission, and that his Excellency replied "Alles, mon cher Commandant; vous avez cette tâche, faites tout ce que vous pouvez."

The reasons for this discrepancy between the private and more formal language of M. de Moustier held about the same period, must remain a matter of surmise. But be this as it may be, the French Government have refrained, up to the present moment, from transmitting any instructions to their Chargé d'Affaires, except enjoining him to maintain his position of reserve until they have time to study the question. This silence and reserve are susceptible of various interpretations, and the French Government perhaps calculate upon delay and other unforeseen circumstances for enabling them to indirectly turn to a political advantage a question concerning the material interests of foreigners.

I have, &c.
(Signed) RICHARD WOOD

Mr. Wood to the Earl of Clarendon.—(Received May 23.)

(No. 13. Commercial.)

My Lord,

Tunis, April 15, 1869.

I HAVE the honour to submit herewith inclosed a copy of the Protest which some of the most respectable French merchants have addressed to their Chargé d'Affaires against the Bey's Decree, with a request that he will communicate it to the Bey and to the Marquis de Lavalette.

They complain that M. de Botmilian has failed to acquaint them with it, and they desire that he should obtain instructions from his Government to join Great Britain and Italy in protesting against an arbitrary act which violates public right, which is immoral in principle, and which is calculated to destroy every vestige of security and confidence in future. They consider that they can no longer undertake with safety any operation in the Regency of Tunis.

I have, &c.
(Signed) RICHARD WOOD

Inclosure in No. 238

M.M. van Gaver, Monge, &c., to M. de Botmilian.

M. le Chargé d'Affaires,

Tunis, le 12 Mai, 1869.

LE 18 Avril dernier le Bey adressa une circulaire à tous les Consuls-Généraux pour leur signifier qu'il avait décrété l'unification de la dette Tunisienne par un contrat passé avec divers particuliers pour avoir son effet à partir du 1 Juillet prochain.

Cette circulaire, immédiatement communiquée à leurs nationaux par NIM les Consuls respectifs, donna lieu aux plus vives protestations qui furent fortement appuyées par les Gouvernements d'Italie et d'Angleterre.

Seuls les Français n'ont pas eu de leur Consulat communication officielle de ce Decret du Bey, qui blesse d'une manière si grave les intérêts de tout le commerce Européen.

Le silence que vous avez gardé jusqu'à ce jour, à l'égard de vos administrés, au sujet de cette circulaire, impliquerait-il que vous avez voulu attendre les instructions de notre Gouvernement? Nous aimant à le croire, et nous avons la ferme confiance que le Gouvernement de l'Empereur n'hésitera pas à se joindre à ceux d'Angleterre et d'Italie pour repousser une mesure que nous considérons comme une atteinte aux droits des gens, à la foi des Traités, et à la moralité publique, puisqu'elle repose exclusivement sur la violation des engagements les plus solennels.

Sans entrer dans les appréciations de la combinaison financière qui fait l'objet du Decret précité, nous devons protester contre l'abus de pouvoir dont le Gouvernement du Bey s'est rendu coupable en se permettant d'abroger, de sa propre volonté, des engagements solennellement contractés.

Nous espérons, M. le Chargé d'Affaires, que le Gouvernement de l'Empereur sera comprendre à Son Altesse le Bey que ce n'est pas de cette manière qu'il peut donner satisfaction à ses créanciers; que la violation, si elle était acceptée, d'un engagement antérieur enlèverait toute garantie morale à ses autres engagements, passés ou futurs, puisqu'ils seraient exposés aux mêmes éventualités.

Nous avons, donc, pleine confiance que le Gouvernement du Bey, mieux éclairé, retirera ce Decret, qui restera nul et non avenue.

Mais nous n'en protestons pas moins en bonne et due forme contre le Gouvernement du Bey pour tous dommages, frais et intérêts qu'il nous occasionne par le Decret précité, et nous vous prions de vouloir bien lui communiquer nos protestations.

Nous vous demandons également, M. le Chargé d'Affaires, d'avoir l'obligeance de communiquer cette lettre protestative à notre Ministre des Affaires Etrangères à Paris, ne doutant pas qu'il ne fasse droit à notre demande.

Nous vous, &c.
(Signés) VAN GAVIER
MONGE
CHAPELLE
CARCASSONNE
GARSIN, FILS.

Mr. Wood to the Earl of Clarendon.—(Received May 23.)

(No. 15.)

My Lord,

Tunis, May 15, 1869.

I HAVE the honour to report the conversation that I have had with the Bey on the subject of his Decree authorizing the forced unification of the debts of the Regency.

I commenced by stating to his Highness that, after the Protest of Her Majesty's Government and that of Italy, it was incumbent upon their Representatives here to consider his arbitrary act as null and void. I would, nevertheless, submit to his consideration my personal impressions and observations in regard to a measure which had taken the public by surprise, and which had caused profound pain to those whose friendship for him rendered them jealous of his honour and dignity, now so seriously compromised by it, since the measure itself was founded on bad faith. It was, therefore, natural to anticipate from it consequences disastrous to his country as well as to the interests of those against whom it was directed.

It was not without sincere concern, after so many years of labour to convince His

Highness that his only and real safety depended upon suiting his policy to that pursued by disinterested and friendly Powers, that I had now acquired the conviction that he had yielded to the advice of designing parties, and had thereby separated the interests of Great Britain and Italy from those of the Regency. No policy could be more shortsighted or more ruinous in its ultimate results. If he preferred isolation by the abrupt severance of the political and material interests, which hitherto formed the link of connection between Great Britain, Italy, and his own country, His Highness must inevitably expect that those Powers would henceforward consult their own interests irrespective of those of Tunisia. A sentiment of self-preservation would impel them to do so; and His Highness had voluntarily lost the right to complain, since Her Majesty's Government had never ceased, for the last thirty years, to forewarn the Tunisian Government that, in the event it should attempt to alter its policy or change its present status, Great Britain would be compelled to act independently of any considerations attached to the governing Prince and his family.

His Highness had unfortunately brought about the very eventuality which, above all others, he should have religiously avoided. He had by his Decree conceded to a foreign Association the right to administer the revenues of the Regency for the long period of fifty-one years. He had hypothecated the Regency to that foreign Association by burthening it with a debt of from 600,000,000 to 700,000,000 of francs; and as this debt was relatively to the limited revenues and resources of his country almost as great as the public debt of England, it was but natural to apprehend that it would become equally permanent. The duration of the debt involved that of the hypothecation of the Regency, and its finances would be, therefore, indefinitely administered by the foreign Association in question.

It being an indisputable fact that those who administered the revenues of a country became in reality its rulers, since their proper management could not be effected without a constant interference in its internal affairs, His Highness had evidently alienated one of his most sacred territorial rights in favour of foreigners placed beyond his jurisdiction, and thus thereby prepared the way for them to change the status of the Regency.

With the administration, therefore, of the country in the hands of foreigners, and with an army on the frontiers to support them whenever their pretensions were resisted, I would ask His Highness what hope remained of his ever being able to maintain his freedom and the autonomy of his Government? His position would become intolerable, and he would see himself constrained, sooner or later, either to withdraw from it altogether, or to accept the inferior and humiliating post of a Ruler governing under foreign auspices and dictation.

Such a result being inevitable, it would be speedily followed by other eventualities not difficult to foresee, tending to disturb the equilibrium of the Mediterranean, in the preservation of which, however, Great Britain and Italy are deeply interested.

So, therefore, His Highness had unperilled that equilibrium, Great Britain and Italy were compelled, in provision of other events, to act irrespective of those considerations which had hitherto connected their interests and policy with those of the Regency. But I would ask, what cause had necessitated sacrifices so portentous in their ultimate results? I could not admit the plea that had been put forward, it being erroneous to suppose that the amount of Tunisian indebtedness was as great as it was stated in his Decree, or that the revenues were insufficient to meet the liabilities of the Government without resorting to the confiscation of the property of its creditors. After a careful and a patient study of the question, I was confirmed in my conviction that, by a wise and honest management of its resources, the Government was in a position to progressively liquidate its debts, and I had repeatedly ventured to express this opinion to His Highness. It was unfortunately disregarded, as well as my friendly offer to submit to him some combination that would be acceptable both to him and to his foreign creditors. An arrangement of such a description was not impracticable, and only required for its successful execution that the advice of designing parties should be rejected, that the Government should give proofs of greater sincerity and good faith, and that it should, above all things, oblige its servants to cease giving their support to schemes that enrich them personally to the detriment of the public, and to the irreparable injury of their country.

It was true that, as the question was at present under discussion between the Governments of Great Britain, France, and Italy, my duty was to wait for their decision. Nevertheless, my unofficial and friendly services were still at the disposal of His Highness, since I felt confident that the three Governments would be gratified if the bases could be found for a final and satisfactory settlement.

His Highness would forgive me if I referred to the argument employed by those in whose behalf he had issued his Decree with a view to justify the forced unification. He was stigmatized as a "banqueroutier," which term in the French language signified a failure with intent to defraud. Was His Highness satisfied to appear in that character before the European Powers, and to be treated by them accordingly, or was it more honourable and dignified to escape from so humiliating a position and a stigma by recalling a Decree which gave a semblance of truth to the accusation?

Even before the three Cabinets had decided relative to the Decree, the agent of M. Pinard, Commandant Bonfils, had brought from France two directors to take possession of the Custom-house and other public Departments. Other officials were shortly expected; and M. Bonfils, Aide-de-Camp to Prince Napoleon, and a Post-Captain in the French navy, had already constituted himself the Superintendent of the Finances of the Regency.

The same gentleman had taken upon himself to declare to His Highness that the Protests of England and Italy were mere diplomatic acts from which no evil consequences would ensue, but I begged to assure His Highness that neither Her Majesty's Government nor that of Italy were in the habit of making Protests *pro forma*, and I trusted that His Highness would himself see the necessity of obtaining their enforcement, by evincing a proper and a due respect to the formal wishes of two Governments whose friendly protection and goodwill were and will always be essential to his political existence. At any rate, both Governments held as good and valid the material and other guarantees and pledges that His Highness had given to the British and Italian creditors, in virtue of solemn contracts bearing his own signature and seal of office, and which could not be, therefore, annulled by a Decree emanating from the same authority without the concurrence of the Contracting Parties.

The Bey replied with emphasis and emotion. He complained that he was called a robber and a pirate, and that his life and that of his Minister were menaced, but that he cared not to preserve it, since he was tired of his existence. He repudiated the assertion that he was a bankrupt, affirming that his revenues would produce 40,000,000 of piastres, were it not for the extensive contraband trade that was carried on and the refusal of the Europeans to contribute to the municipal taxes of the country; but that, notwithstanding these reductions, they could still be made to yield annually an income of about 30,000,000 of piastres.

His Highness then proceeded to say that, as he had made the execution of his Decree dependent upon the adhesion of the three Governments, no attempt would be made to disturb or withdraw the pledges in the possession of the British and Italian creditors until he was made acquainted with their joint decision.

Being aware that great hopes are entertained that, through the intervention of France, the Decree will be finally accepted with some modifications, I answered his Highness that he was already informed of the decision of Great Britain and Italy; and that consequently, unless he had divested himself of his autonomy, we would continue to negotiate directly with him in all matters that concerned our own interests, and would hold him, and no one else, responsible for any wrong that might be done to them.

The interview was a painful one. I was courteous, but firm in my language; and I did not attempt to hide from the Bey that if he and his Prime Minister preferred to every other system of government one based upon personal despotism, they must assume both the responsibilities and scandals accruing therefrom, without complaining of the expressions of dissatisfaction on the part of the people whose exasperation had reached its utmost limit.

In taking leave of him at a little distance from his Minister, who was conferring apart with Mr. Chief Interpreter Santillana, His Highness stated to me, almost in a whisper, that he had been given to understand I had approved of the Decree, otherwise he would never have issued it. I said that it was utterly incorrect, and that those who had intentionally resorted to a false statement had betrayed him,—a circumstance which showed the urgency of his being always on his guard against similar machinations and treachery.

I have, &c.
Signed, RICHARD WOOD

The Earl of Clarendon to Mr. Wood.

(No. 12.)

Sir,

Foreign Office, May 24, 1869.

I HAVE to acquaint you that I entirely approve the language which you held in your conversation with the Bey, as reported in your despatch No. 15 of the 15th instant, on the subject of His Highness' Decree for the forced unification of Tunisian debts.

I am, &c.
(Signed) CLARENDON

No. 241

The Earl of Clarendon to Lord Lyons.

(No. 522.)

My Lord,

Foreign Office, May 25, 1869.

I TRANSMIT to your Excellency herewith a copy of Mr. Wood's despatch No. 12 of the 15th instant, marked Commercial,* which has already passed through your Excellency's hands, reporting a communication made to him by his Italian colleague, of an intimation he had received from the Tunisian Prime Minister in regard to the support which the Bey's scheme for the unification of the debt had received from French sources.

I have to instruct your Excellency to communicate to M. Rouher the substance of the passages which you will find marked in Mr. Wood's despatch.

I am, &c.
(Signed) CLARENDON.

No. 242

The Earl of Clarendon to Lord Lyons.

(No. 523.)

My Lord,

Foreign Office, May 25, 1869.

YOUR Excellency has forwarded to me under flying seal Mr. Wood's despatch No. 13 of the 15th instant, of which you have also retained a copy for your archives, inclosing a copy of the Protest of French merchants in Tunis against the Bey's Decree for the unification of the Tunisian debt. I have to instruct your Excellency to ascertain whether M. Rouher has received a copy of the French Protest, and should this not be the case, your Excellency will furnish him with one.

I am, &c.
(Signed) CLARENDON.

No. 243.

Sir A. Paget to the Earl of Clarendon.—(Received May 26.)

(No. 166.)

My Lord,

Florence, May 21, 1869.

IN accordance with the instructions conveyed to me in your Lordship's despatch No. 76 of the 17th instant, I have the honour to state that I have communicated to Count Menabrea a copy of Mr. Wood's despatch No. 9, Commercial, of the 29th ultimo, together with a copy of the Protest which he had addressed to the Bey of Tunis against the Decree for the unification of the foreign and internal debts of the Regency, and also of his note to his French colleague on the same subject.

I have, &c.
(Signed) A. PAGET

Lord Lyons to the Earl of Clarendon.—(Received May 26.)

(No. 555.)

My Lord,

Paris, May 25, 1869.

I SPOKE yesterday, in the morning, to M. Despres, and in the afternoon to M. Rouher, in the sense of your Lordship's despatch No. 518 of the 22nd instant, respecting the new Decree to be issued by the Bey of Tunis on the subject of the proposed Financial Commission. Neither M. Despres nor M. Rouher appeared to be averse to embodying in the new Decree a statement of the functions of the Commission instead of leaving them to be gathered from the old Decree of the 4th April, 1868. Both, however, objected to formally abrogating the Decree of the 4th April, observing that the maintenance of it had been made so serious a question with the Bey as to involve the dignity of France. They agreed with me, however, that this difficulty was only a matter of form which might be got over by a reference in the new Decree to the old one, and appeared to be willing to prepare a fresh draft in conformity with your Lordship's suggestion.

I have, &c.
(Signed) LYONS

No. 245

Lord Lyons to the Earl of Clarendon.—(Received May 26.)

(No. 556.)

My Lord,

Paris, May 25, 1869.

COUNT SOLMS SONNENFELDE, the Prussian Chargé d'Affaires, who had for a long time abstained from speaking to me on the question of the Tunisian finances, called upon me yesterday and asked me what was the present state of the negotiation between the Governments of England, France, and Italy. I told him in general terms how matters stood, which indeed he seemed to know already.

He said that he had from time to time, during the last few months, written to his Government on the question, but had not received any answer.

I have, &c.
(Signed) LYONS

No. 246.

Mr. Wood to the Earl of Clarendon.—(Received May 28.)

(Telegraphic.)

Tunis, May 25, 1869.

BARON CASTELNUOVO arrived in Tunis from Florence, on a mission from General Menabrea, who states that England, having declared non-existence of British creditors, separates her action in Tunisian question from Italy, which, finding herself abandoned, yields to the demands of France.

Castellnuovo is in communication with Bey; and his declarations being at variance with your Lordship's conclusive instructions, have greatly enfeebled my attitude. Are those declarations founded upon fact, for my guidance?

No. 247

The Earl of Clarendon to Sir A. Paget.

(Telegraphic.)

Foreign Office, May 28, 1869, 4.15 p.m.

THE following telegram has just been received from Consul-General Wood, through Malta, from whence it was sent yesterday.—

"Baron Castellnuovo arrived in Tunis from Florence, on mission from General Menabrea, who states that England having declared non-existence of British creditors separates her action in Tunisian question from Italy, which finding herself abandoned yields to the demands of France."

Castellnuovo is in communication with Bey, and his declarations being at variance

with your Lordship's conclusive instructions, have greatly enfeebled my attitude. Are those declarations founded upon fact for my guidance?"

Her Majesty's Government are at loss to understand how Baron Castelnovo should have made any such statement; and you will place a copy of Mr Wood's telegram in Count Menabrea's hands, and request him to have the goodness to enable you to explain the matter to your Government, adding, that I had a conversation yesterday with Count Maffei, in which there was a complete concurrence of opinion between us.

No. 248.

M. de Lavalette to Prince de la Tour d'Auvergne.—(Communicated to the Earl of Clarendon by Prince de la Tour d'Auvergne, May 29.)

Prince,

Paris, le 26 Mai, 1869.

D'APRÈS les indications consignées dans votre Rapport du 22 de ce mois, le Cabinet de Londres inclinerait à considérer la révocation préalable du Décret du 4 Avril comme étant de nature à faciliter la démarche que nous nous proposons de faire à Tunis. Celles des dispositions de cet acte qu'il paraîtrait utile de conserver, jointes aux stipulations récemment arrêtées d'un commun accord, pourraient offrir les éléments d'un nouveau Décret dont la rédaction nous serait confiée et que le Bey serait ensuite appelé à promulguer.

Tous les pourparlers échangés depuis plus d'un an sur cette question ont eu pour base le Décret du 4 Avril. Nous ne saurions donc reconnaître aucun avantage à la mode de procéder dont le premier effet serait d'abroger l'acte en vertu duquel nous nous poursuivons l'entente aujourd'hui établie entre nous et les Cours de Londres et de Florence. Nous n'avons d'ailleurs cessé d'en maintenir énergiquement l'autorité, et nous n'avons pas reculé, pour en obtenir la ratification solennelle, devant une suspension momentanée de nos rapports avec le Gouvernement Tunisien. Il y a donc là pour nous une question de dignité qui ne saurait se prêter à aucune discussion et qui sera certainement appréciée à Londres. Désirant toutefois déférer dans la limite du possible au vœu que vous avez exprimé, nous ne nous sommes pas refusés à remanier notre projet primitif en l'adaptant au Décret Tunisien. Vous trouverez ci-joint le résultat de ce travail. Nous nous sommes appliqués, en le rédigeant, à écarter certaines formules qui figuraient dans le texte de l'Arrêté d'Avril, mais qui n'étaient plus en parfaite harmonie avec l'esprit de l'arrangement intervenu depuis lors entre les trois Cabinets. Ainsi reconstitué et complété, je me plais à espérer que ce document obtiendra l'entier assentiment du Gouvernement Britannique. J'ai lieu de croire d'ailleurs qu'il ne rencontre plus aujourd'hui d'objections de la part de M. l'Ambassadeur d'Angleterre. Vous voudrez bien faire ressortir aux yeux du Principal Secrétaire d'Etat l'esprit conciliant qui a présidé à cette nouvelle rédaction, et le premier de donner son approbation définitive à une combinaison dont il importe également à tous les intérêts de ne plus retarder l'exécution.

Agréa, &c.
(Signé) LAVALETTE.

Inclosure in No. 248.

Draft of Decree.

VU notre Décret du 4 Avril de l'année dernière relatif à la formation d'une Commission de Finances:

Considérant que ce Décret a été ratifié par notre Résolution du 20 Mai suivant, mais que des difficultés se sont élevées sur la composition de cette Commission; désirant y faire droit sans porter atteinte aux principes proclamés par nous dans cet acte, nous avons résolu de le mettre en vigueur en y introduisant les modifications qui ont été jugées convenables. —

Article 1. La Commission instituée par notre Décret du 4 Avril, 1868, sera réunie à Tunis dans le délai d'un mois.

Art. 2. Cette Commission sera divisée en deux Comités distincts, un Comité Exécutif et un Comité de Contrôle.

Art. 3. Le Comité Exécutif sera composé de la manière suivante:—

Deux fonctionnaires Tunisiens nommés par le Gouvernement de la Régence, et un Inspecteur des Finances Français également nommé par le Gouvernement de la Régence et préalablement désigné par le Gouvernement de l'Empereur.

Art. 4. Le Comité Exécutif est chargé de constater l'état actuel des diverses créances constituant la dette de la Régence, et les ressources à l'aide desquelles le Gouvernement du Bey serait en mesure d'y satisfaire.

Art. 5. Le Comité Exécutif ouvrira un registre sur lequel seront inscrites toutes les dettes contractées tant à l'étranger qu'à l'intérieur, et qui consistent en *teakérés* ou bons du trésor ainsi qu'en obligations de l'emprunt de 1863 et de celui de 1865.

Pour les dettes qui ne seront pas contrôlables par des contrats publics, les porteurs de titres devront se présenter dans un délai de deux mois. A cet effet, le Comité Exécutif veillera à ce qu'il soit publié un avis dans les journaux de Tunis et à l'étranger.

Art. 6. Lorsque le Comité Exécutif témoignera le désir de prendre connaissance de tous les documents authentiques des rentrées et des dépenses, le Ministère des Finances lui en fournira tous les moyens.

Art. 7. Le Budget des recettes étant ainsi placé en regard de celui des dépenses, augmenté du chiffre de la dette, le Comité Exécutif recherchera les moyens d'établir une répartition équitable des revenus publics en tenant compte, dans une juste proportion, de tous les intérêts, et il dressera un tableau des revenus qui pourraient être ajoutés à l'ensemble des garanties déjà attribuées aux créanciers du Bey.

Art. 8. Le Comité Exécutif prendra tous arrangements relatifs à la dette générale, et le Gouvernement Tunisien lui donnera tout l'appui nécessaire pour assurer l'exécution des mesures prises à cet effet.

Art. 9. Le Comité Exécutif percevra tous les revenus de l'Etat sans exception, et le Gouvernement ne pourra émettre aucun bon du trésor ou valeur quelconque sans l'assentiment du dit Comité, dûment autorisé par le Comité de Contrôle; et si le Gouvernement était obligé (ce que Dieu ne veuille) à contracter un emprunt, il ne pourra le faire sans l'approbation préalable des deux Comités.

Tous les *teakérés* qui sera en émis pour la somme affectée par la Commission aux dépenses du Gouvernement seront écrits au nom de la Commission et porteront le visa du Comité Exécutif; ces *teakérés* ne devront pas excéder le chiffre fixé au Budget des Dépenses.

Art. 10. Le Comité de Contrôle sera composé de la manière suivante:

Deux membres Français représentant les créanciers des emprunts de 1863 et de 1865;

Deux membres Anglais et deux membres Italiens représentant les porteurs des titres de la dette intérieure.

Chacun de ces délégués recevra directement son mandat des porteurs de titres des emprunts et conversions de l'Etat Tunisien, dûment prévus à cet effet par les lois du Gouvernement de la Régence et sous la surveillance du Comité Exécutif.

Art. 11. Le Comité de Contrôle connaîtra de toutes les opérations du Comité Exécutif. Il sera chargé de les vérifier et de les approuver, s'il y a lieu. Son approbation sera nécessaire pour donner un caractère exécutoire aux mesures d'intérêt général délibérées par le Comité Exécutif.

Les onze Articles ci-dessus ont été stipulés le

No. 249

Sir A. Paget to the Earl of Clarendon.—(Received May 29.)

(Telegraphic)

Florence, May 29, 1869, 12:45 p.m.

GENERAL MENEGBREA having heard of proceedings of Baron Castelnovo from Italian Consul at Tunis, telegraphed to him on the 25th instant to disavow them and to protest, instructions which will be immediately renewed. Castelnovo has no kind of mission from Italian Government, who desire to continue, as heretofore, to act in Tunisian affairs in concert with Her Majesty's Government. I telegraph the above words to Mr Wood.

The Earl of Clarendon to Lord Lyons.

(No. 543.)

My Lord,

Foreign Office, May 29, 1869

THE French Ambassador communicated to me to-day the despatch from M de Lavalette, with an amended draft of Decree to be issued by the Bey of Tunis respecting the Financial Commission, of which I inclose copies for your Excellency's information.*

This draft embodies pretty closely the Decree of the 4th of April, 1868, of which copy is inclosed in your despatch No. 548 of the 21st instant, and the draft of Supplementary Decree inclosed in your despatch No. 546 of the 20th of May.

In your despatch No. 548 you called my special attention to the 6th Article of the Decree of the 4th of April, 1868, which seemed to be inconsistent with the condition laid down in my despatch No. 418 of the 21st of April, that the functions of the administrative section of the Commission should be prospective, and should not extend to settling such arrangements already entered into by the Tunisian Government for the security of foreign creditors, or to diverting from them sources of revenue already appropriated for the liquidation of their claims. The passage in the Decree of the 4th of April 1868, to which you referred me is as follows: "La Commission recherchera une répartition équitable des revenus publics, en tenant compte dans une juste proportion de tous les intérêts et elle dressera un tableau des revenus qui pourraient être affectés spécialement aux créanciers du Bey."

Your objection to this clause I understood to consist in the words "dans une proportion équitable," which appear to substitute a *pro rata* payment for a *pro rata* in full of the existing liabilities to foreign creditors. If this is so, the new Decree would not do away with the objection, for the obnoxious words still remain in it though the substitution of the words "ajouté à l'ensemble des garanties déjà attribuées" for the words "affectés spécialement," might be construed to imply that over and above the securities they now hold, some additional securities may be devised for the payment of foreign creditors.

The power of approval reserved for the Controlling Section might neutralize any covert design adverse to the interests of the foreign Governments, whatever form of words might be adopted in the Article; but I am unwilling to determine the point, or to decide whether the Decree in its present shape should be accepted or not, without consulting the best instance your Excellency's opinion on the subject. If I hear from you by telegraph that you think the Decree may safely be accepted as it now stands, I will inform the French Ambassador accordingly, and apprise you when I have done so, in order that you may also make a communication to that effect to M de Lavalette and send the necessary directions to Her Majesty's Agent and Consul-General in Tunis.

I am, &c
(Signed) CLARENDON

No. 251

Lord Lyons to the Earl of Clarendon.—(Received May 31, night.)

(Telegraphic.)

Paris, May 31, 1869, evening.

WITH reference to your despatch No. 543 of the 20th, I think that we may accept the Decree as it stands. It might be well to say to the French Ambassador that we do not understand it to give the Commission power to divert from any class of foreign creditors the sources of revenue already appropriated for the liquidation of their claims.

No. 252.

The Earl of Clarendon to Lord Lyons

(No. 547.)

My Lord,

Foreign Office, June 1, 1869.

I HAVE received your telegram of yesterday, stating your opinion that the draft Decree to be issued by the Bey of Tunis respecting the Financial Commissions as communicated to me by the French Ambassador on the 29th ultimo, may be accepted

* No. 548 and inclosure.

by Her Majesty's Government, although it might be advisable to state to the French Ambassador that Her Majesty's Government do not understand the draft as giving to the Administrative Commission power to divert from any class of foreign creditors the sources of revenue already appropriated for the liquidation of their claims.

I shall accordingly answer the French Ambassador to that effect; and I have to authorize your Excellency to make a similar communication to M de Lavalette, and to apprise Her Majesty's Agent and Consul-General in Tunis of the state of the case.

I am, &c
(Signed) CLARENDON

P.S. Since the above despatch was written, I have seen the French Ambassador, and have made to him the communication to which I refer.

No. 253

Sir A. Paget to the Earl of Clarendon.—(Received June 2.)

(No. 178.)

My Lord,

Florence, May 29, 1869

I HAVE had the honour to receive your Lordship's telegram, dated yesterday afternoon, at 4.15 P.M., respecting Baron Castelnovo's proceedings at Tunis, and I lost no time this morning in waiting on General Menabrea, to whom I delivered a copy of it, with a request that he would enable me to explain to your Lordship the meaning of what was therein stated.

The substance of his Excellency's reply I have had already the honour to make known to your Lordship in the following words:

"General Menabrea having heard of proceedings of Baron Castelnovo from Italian Consul at Tunis, telegraphed him on the 25th instant to disavow them, and to protest,—instructions which will be immediately renewed. Castelnovo has no kind of mission from Italian Government, who desire to continue as heretofore to act in Tunisian affairs in concert with Her Majesty's Government."

Count Menabrea informed me that Baron Castelnovo is an Italian Jew of some intelligence and respectability, who had made his fortune in Tunis, and was intimately acquainted with the Bey's Prime Minister; that he had called upon him not very long ago, and had stated that he believed he could suggest a plan for re-establishing the Tunisian finances, and intended proceeding to Tunis to lay it before the Bey. Count Menabrea says, that he replied to Baron Castelnovo, that if he had a plan by which justice could be done to all the creditors, "qui contenterait tout le monde" he, Count Menabrea, would not decline to examine it in concert with the British and French Governments if it was properly brought before them in the usual official course, but that he was distinctly to understand that he had no authority to speak in the name of the Italian Government to the Bey of Tunis, or to his Ministers, with whom no communications could be held except through the regularly accredited Consular Agent residing at Tunis.

Count Menabrea told me that as soon as he had heard from the Italian Consul-General, who was greatly perturbed at the proceedings of Baron Castelnovo, of what was going on, he had lost no time in disavowing what the Baron had done, and he had likewise sent for Baron Castelnovo's son, and had administered to him a severe reprimand as to the unjustifiable conduct which his father had been pursuing.

Count Menabrea said that he would now immediately telegraph again to the Italian Consul-General in the sense of the instructions already sent, viz., that Baron Castelnovo had no authority whatever to speak in the name of the Italian Government, and that all that he had said was without their knowledge, sanction, or consent.

His Excellency referred to the recent conversation between your Lordship and Count Maffei on the Tunisian Finance question, and was glad to see by Count Maffei's report that the views of Her Majesty's Government, with whom he desired to act in perfect concert, were identical with his own in regard to its last ph.

The incident of Baron Castelnovo was an instance of the intrigues to which this question might give rise, and he sincerely trusted that it might now be speedily brought to a satisfactory close.

Thinking that your Lordship would wish Mr Wood to be apprized as soon as possible of the result of my interview with Count Menabrea respecting Baron Castel-

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nuovo's proceedings, I forwarded to him by telegraph a repetition of my telegram to your Lordship.

Both telegrams were dispatched from the Legation at 12.15 p.m.

I have, &c.
(Signed) A. PAGET

P.S.—I should add that Count Menabrea expressed his intention of writing immediately, as well as telegraphing, to the Italian Consul-General at Tunis respecting Baron Castelnovo.

A. P.

No. 254.

Lord Lyons to the Earl of Clarendon.—(Received June 2.)

(No. 580.)

My Lord,

Paris, May 31, 1869.

IN answer to your Lordship's despatch No. 543 of the 29th instant, I have to-day informed your Lordship by telegraph that, in my opinion, the draft inclosed therein of a Decree to be issued by the Bey of Tunis may be accepted without alteration by Her Majesty's Government. I have added, however, with a view to avoiding any future difference of opinion with the French Government, that it may be desirable, in announcing the acceptance to the French Ambassador, to point out to him that Her Majesty's Government does not understand the Decree as giving power to the Commission to divert from any class of creditors, without their consent, sources of revenue already appropriated to them for the liquidation of their claims.

My objection to the 7th Article of the Decree of the 4th of April, 1868, was that it contained no mention of the securities already appropriated to the different classes of foreign creditors, and consequently appeared to place the whole revenues of Tunis at the disposal of the Commission. In the 7th Article of the new draft the words "revenus qui pourraient être ajoutés à l'ensemble des garanties déjà attribuées aux créanciers du Bey," are substituted for the words "revenus qui pourraient être affectés spécialement aux créanciers du Bey."

This alteration does away with the force of my objection. The guarantees already given being respected, I think the Commission should have the power of making an equitable distribution of the revenues which remain. Out of these revenues it must provide, in the first place, for the expenses of the Tunisian Government, and in the next place furnish as much as possible of the sums required, in addition to the produce of the guarantees, to pay the interest on the loans. The majority assigned to the holders of the loans called the Conversions in the Controlling Section of the Commission, should suffice to secure them against any undue sacrifice of their interests to those of the holders of the loans of 1863 and 1865.

The other point to which I called your Lordship's attention was the requirement in the Draft of 1868 that the Bey should come to an understanding with the Government of France if he desired to contract a large loan. The privilege thus given to France to the exclusion of England and Italy is cancelled in the new draft; and by the 9th Article of that draft the power to sanction a new loan is given to the two sections of the Commission.

I have, therefore, not hesitated to express to your Lordship the opinion that the new draft may be accepted; and I think it wiser to agree to it at once than to incur the loss of time and the risk of disagreement which would be entailed by an attempt to introduce further amendments.

I am indeed far from intending to say that either the terms of the proposed Decree or the arrangement which it records are entirely satisfactory. My apprehension, however, is not so much that the English creditors will not have ample means of defending their interests, as that a want of union and impartiality among the several parties represented in the Commission will bring the proceedings to a stand-still.

The French Financial Officer may, in virtue of superior knowledge and energy, and of the weight his selection by the French Government will give him, be expected to direct the operations of the Executive Section. Nevertheless, the two Tunisians will have the numerical majority in that Section, and may use that majority to thwart their French colleague. In the other Section the English and Italian creditors will have a majority over the French creditors, and if they continue to regard their interests as different from those of the French, may bring the whole machine to a dead-lock.

We are, however, bound by our engagement with the French Government to try the experiment of the Commission, and we have, as it seems to me, very strong reasons to desire that it may succeed. What is necessary to obtain success is, that the several Members of the Commission should lay aside national or local prejudices and rivalries, and sincerely endeavour, not to advance the supposed separate interests of any particular class, but to effect a fair and equitable arrangement, and thus provide for the real interests of all. Although the Consular Representatives of the three Powers will not take a direct share in the operations of the Commission, there can be no doubt that in these respects their influence and example will have a most powerful effect.

I have, &c.
(Signed) LYONS

No. 255.

Lord Lyons to the Earl of Clarendon.—(Received June 2.)

(No. 581. Confidential.)

My Lord,

Paris, May 31, 1869.

BEFORE giving an opinion upon the new draft of the Tunisian Decree I thought it prudent to show it confidentially to the Chevalier Nigra, the Italian Minister, who has given great attention to the subject. I read it over with him, and begged him if any part appeared to him to be open to serious objection, to point it out to me.

He observed that, as a question of dignity for England and Italy, he should have preferred the omission of all reference to the Decree of the 4th April, 1868; that in other respects he saw no great objection to the terms of the draft, and that at all events it was a very great improvement on the draft proposed by the French Foreign Office on the 10th instant, for which it was to be substituted.

At M. Nigra's request I allowed him to take a copy of the new draft on condition that he should treat it as confidential until it was communicated to him by the French Government.

The basis of the whole arrangement with the French Government was that we should consent to the issue of the Decree of the 4th April, 1868, as a satisfaction to the dignity of France. I think, therefore, that we cannot now reasonably object to that Decree's being referred to *pro forma* in the new Decree.

I have, &c.
(Signed) LYONS

No. 256.

Lord Lyons to the Earl of Clarendon.—(Received June 2.)

(No. 582.)

My Lord,

Paris, June 1, 1869.

IN my despatch No. 529 of the 14th instant I inclosed a copy of a letter from M. Pinard, Director of the Comptoir d'Escompte, relative to the loan for which he has signed a contract with the Bey of Tunis.

I have the honour to transmit to your Lordship herewith copies of a further letter from M. Pinard, and of a note upon the Tunisian finances annexed to it.

It is not my intention to make any answer to M. Pinard.

A similar communication has been made by him to the Italian Minister here.

I have, &c.
(Signed) LYONS

Inclosure 1 in No. 256.

M. Pinard to Lord Lyons

M. l'Ambassadeur,

Paris, le 31 Mai, 1869.

J'ai l'honneur de vous confirmer ma lettre du 25 courant par laquelle j'ai remis à votre Excellence la copie du Décret d'unification de la dette Tunisienne, rendu le 18 et 19 Avril dernier, ainsi qu'un Memorandum relatif aux affaires financières de la Régence.

Je me permets, M. l'Ambassadeur, de vous adresser par la présente lettre...

nouvelle note renfermant l'historique des faits qui se rattachent à la situation actuelle de la dette intérieure et extérieure du Gouvernement Tunisien.

Ce dernier document a pour but de compléter les renseignements que j'ai cru utile de soumettre à votre Excellence pour qu'il lui fût possible d'apprécier le véritable état des choses. J'espère qu'après en avoir pris connaissance vous apprécierez plus encore, M l'Ambassadeur, le sentiment d'équité sous l'empire duquel a été rendu le Décret d'Unification, et que vous voudrez bien en appuyer l'exécution de votre haute influence.

Veillez, &c
(Signé) PINARD.

Inclosure 2 in No. 256.

Sketch of Facts connected with the Actual Situation of the Interior and Exterior Debt of the Regency of Tunis.

LA Tunisie, sous le Gouvernement d'Ahmed Bey de 1837 à 1855, jouissait d'une grande prospérité. L'administration, organisée sur des bases analogues à celles des administrations Européennes, fonctionnait avec une certaine régularité. A cette époque, aucune dette n'avait encore été contractée; les recettes couvraient largement les dépenses.

Mohammed Bey, son successeur, montra le même ordre dans l'administration des finances. Préoccupé cependant d'assurer le progrès de l'agriculture, il décida la restauration du Canal Romain le Zaghwan, qui devait apporter l'eau à Tunis et irriguer les campagnes environnantes: ce fut la cause première des dettes que nous allons voir apparaître. Néanmoins le règne de Mohammed Bey fut encore une ère de prospérité pour la Régence.

Lorsque Sedack Bey succéda à son frère Mohammed en 1855, il trouva une dette de 20,000,000 de francs, dont 11,000,000 de francs avaient été appliqués à la réparation du canal. Cette somme de 9,000,000 de francs constituait le déficit du règne précédent.

Ces créances et celles qui suivirent furent représentées par des *Tenker* (bons du trésor) pour un intérêt de 12 pour cent par an. Depuis cette époque, le désordre qui s'introduisit dans l'administration des deniers publics, joint à une série de mauvaises récoltes et aux embarras résultant des insurrections, vint accroître considérablement le chiffre des dettes et compromit en quelques années la situation financière de la Régence.

Le Gouvernement espérant dissimuler les effets de la mauvaise administration et l'état déplorable de ses affaires, en faisant appel au crédit à l'étranger émit en France, en 1863, son premier emprunt de 23,000,000 francs environ.

Cet emprunt ne fut qu'un palliatif momentané, car il ne parvint ni à combler le déficit, ni à modifier sensiblement la déplorable situation de la Régence.

Depuis lors les embarras financiers du Gouvernement Tunisien ne firent qu'augmenter. Ses dettes s'accroissaient pendant que ses revenus diminuaient.

Pressé par des besoins urgents, le Gouvernement du Bey vendit, dès 1864, à moitié prix de leur valeur réelle, 600,000 mesures d'huile livrables à la récolte suivante, et qui représentaient la presque totalité du "kanoun," payable en nature par les propriétaires des terres.

Lorsque vint l'époque de la livraison des 600,000 mesures d'huile vendues, comme il est dit ci-dessus, le Bey dut reprendre les bons d'huile au prix réel de cette denrée, c'est-à-dire, pour le double de la somme qu'il avait reçue, et il donna en paiement des obligations à six mois qui perdaient elle-mêmes, au cours de la place, de 25 à 30 pour cent de la valeur nominale.

En résumé, cette transaction coûtait au Gouvernement 100 pour cent sur les huiles et 25 à 30 pour cent sur les obligations.

En Janvier 1866, le Gouvernement fit une nouvelle rente, à vil prix, de 550,000 mesures d'huile, représentant, comme dans la première opération, le produit de l'impôt du "kanoun," attribué en 1865 à la garantie du deuxième emprunt, et qui n'était qu'une assez grande quantité de céréales.

Lorsque vint, au commencement de 1867, l'échéance de ces livraisons, le Gouvernement fut encore dans l'impossibilité d'y satisfaire.

A ce moment arrivaient également à échéance les obligations que les porteurs de bons des 600,000 mesures d'huile vendues en 1864 avaient reçues en paiement.

C'est alors qu'un certain nombre de négociants intéressés dans les deux opérations, venant d'être exposées, et dont les titres restaient impayés dans leurs mains,

proposèrent au Gouvernement de consolider leurs créances au moyen de la mesure connue sous le nom de "Conversion."

Par les Conversions, le Gouvernement retira de la circulation les obligations données en échange des bons d'huile rendus en 1864, et les bons d'huile et de céréales aliénés en 1866.

La combinaison de ces Conversions reposait sur l'émission d'obligations remboursables au moyen d'annuités et garanties par l'affectation de certains revenus de l'Etat.

Pour la première Conversion, les obligations émises, dont le chiffre s'élevait à 12,000,000 de francs, reçurent en garantie les droits de sortie sur les huiles, les laines, les savons, et les dattes, qui appartenaient, sous le titre de "droits de donanes," aux obligations de 1865.

Les trois autres Conversions qui suivirent furent faites dans des conditions analogues, et reçurent en garantie d'autres branches des revenus de l'Etat, plus ou moins engagés déjà à la dette extérieure.

Ainsi furent aliénés, les uns après les autres, dans ces dévastatrices opérations, tous les revenus de l'Etat, et disparurent en même temps les garanties affectées aux emprunts extérieurs de 1863 et de 1865.

Nous référant d'ailleurs à la note que nous avons déjà remise à chacune de quatre Conversions, il nous reste à signaler à l'attention des Gouvernements que la Régence de Tunis, à partir de 1867, avait cessé de faire honneur à ses engagements, tant à l'intérieur qu'à l'extérieur, que cette situation n'était pas ignorée des Convertisseurs, et que, par conséquent, il était moralement interdit au Gouvernement de Tunis de disposer, au profit de cette catégorie de ses créanciers, de tout ou partie de son actif.

No 257

Lord Lyons to the Earl of Clarendon.—(Received June 2.)

(No. 583. Confidential.)

My Lord,

Paris, June 1, 1869.

THE Marquis de Lavalette expressed to me this morning a very strong desire to establish the Financial Commission at Tunis as soon as possible. He said that any delay would increase the awkwardness of the position of the French Government, who were already accused of having sacrificed not only the interests of the French bond holders, but the dignity and influence which it was essential that France should maintain in a country depending upon her African possessions.

M de Lavalette spoke with some superiority of the conduct of M. Pinard, who had, he said, without consulting the French Government, signed a contract for a loan with the Bey of Tunis. M. Pinard, he said, knew perfectly well that the Government of the Emperor was under engagements to the Governments of England and Italy, and that the effect of his proceedings must be to cause great inconvenience and embarrassment.

M de Lavalette went on to say that M. Pinard's contract for a loan must of course be set aside. It probably proved for the interests of the Comptoir d'Escompte, and the bondholders of 1863 and 1865. At all events it had been made without regard to the engagements of the Bey with France, and to the engagements of the French Government with England and Italy.

The principle, however, of a unification of the different classes of the Tunisian debt was, M de Lavalette was inclined to believe the true one. It would be thought, he said, better for all the creditors to consent to a fair arrangement which would make their interests identical, than to squabble about special securities, some of which had probably been pledged to different parties, and none of which would be of any value if the Regency was allowed to become bankrupt, or if each Power acted independently in order to the claims of its subjects. A satisfactory arrangement for the unification of the debts could not be made by a man like M. Pinard, who represented only French interests, it might, perhaps, be made "à trois" by France, England, and Italy. M de Lavalette doubted, however, whether sufficient candour and impartiality could be found at Tunis to effect a settlement of this kind by means of men already there, and mixed up in the local affairs.

I thought it right to be very guarded in my language to M de Lavalette, but I am, as I have more than once stated to your Lordship, myself of opinion that the best

practical security for the English and Italian creditors would be to make their interests as far as possible identical with those of the French.

I have, &c.
(Signed) LYONS

No. 258.

Mr. Wood to the Earl of Clarendon.—(Received June 3.)

(No. 17)

My Lord,

Tunis, May 25, 1869.

I HAVE the honour to report that Baron Castelnovo has arrived here, and has stated to me and to my Italian colleague that General Menabrea had entrusted him with a mission relative to the question that has arisen out of the Bey's Decree for the forcible unification of the Tunisian debts.

He affirms to me that his mission had become necessary, owing to the declaration of Her Majesty's Government that, as no British creditors of the Bey existed, Great Britain had no longer the same interest in the financial question of Tunis, and that Italy, therefore, could not count any longer upon her joint action and co-operation, in consequence of which declaration the Cabinet of Florence, finding itself abandoned by that of St. James, has seen itself obliged to yield, and to accept the project of the late M. de Moustier, namely, the establishment of a Financial Commission, divided into two sections, the Administrative one to be composed of Tunisian functionaries, and a French Commissioner; and the Section of Control to be composed of foreign merchants selected by the foreign Agents, to represent the interests of the Local Conventions and the Floating Debt, as well as the so-called French Loans.

Baron Castelnovo has, moreover, informed me and my Italian colleague, that he had already communicated the foregoing to the Bey and to the Prime Minister, and had strongly urged upon them to anticipate the compulsory nomination of a French Commissioner to administer the finances of the Regency, by requesting the French Government to put the services of a person acquainted with financial matters at the disposal of the Tunisian Government.

In acquainting me with the object of his mission, and what took place between him and the Bey, Baron Castelnovo said that His Highness told him he could not move in the matter before he, the Baron, had obtained the officious consent of the British and Italian Representatives.

I asked Baron Castelnovo whether he was the bearer of any letter from General Menabrea to the Italian Representative, and upon his reply in the negative, I observed to him that his mission had taken us by surprise, and that he must be labouring under some serious misapprehension when he stated that Her Majesty's Government had declared to that of Italy that, owing to the non-existence of British creditors, they had ceased to take any interest in the financial question of Tunis, and that consequently they had withdrawn their action and co-operation. I based my observations upon the fact that Her Majesty's Government, as well as Lord Lyons, possessed a list of those creditors, that their claims amounted to upwards of 12,000,000 francs, and that for their better protection I had received your Lordship's peremptory instructions to protest against the Bey's arbitrary Decree annulling their contracts and pledges, and that furthermore your Lordship had been pleased to forward to me fresh instructions, dated the 3rd and 10th of the present month, directing me, after the receipt of my detailed Report, Commercial, No. 8, to adopt more energetic measures against this very arbitrary arrangement, which inflicted ruin upon many of Her Majesty's subjects, and to which Her Majesty's Government would never assent.

I desired M. Castelnovo to tell me what could have occurred between the 10th of May, the date of your Lordship's latest despatch, and the 13th, when he had his interview with General Menabrea, to cause so radical a change in the views and policy of Her Majesty's Government, but he persisted in maintaining that his statements were correct and that if Mr. Pinna and I had any doubt on the subject, we were free to telegraph to our respective Governments to solicit for such informations as they should judge proper to give us for our guidance.

Being still under the impression that there must exist some serious misapprehensions on the part of Baron Castelnovo, I desired him not to weaken the attitude which Her Majesty's Government had assumed in the question, by making inopportune declarations to the Bey as to their change of views and policy. Nevertheless, I have been already placed by his declarations in a position of great perplexity and embarrass-

ment, inasmuch as they have neutralized my previous action, and will render unavailing any future proceedings on my part until such time as I shall have the honour to receive your Lordship's instructions to meet the new and unexpected phases assumed by this affair.

I have, &c.
(Signed) RICHARD WOOD.

P.S.—Baron Castelnovo occupies the post of physician to the King, and was formerly in the service of the Bey, to whom His Majesty has previously sent him on missions.

R W

No. 259

The Earl of Clarendon to Lord Lyons.

(No. 556.)

My Lord,

Foreign Office, June 3, 1869.

THE agreement which has been come to between Her Majesty's Government and that of the Emperor of the French as to the terms of the Decree which the Bey of Tunis should be induced to issue for constituting the Financial Commission, renders it unnecessary that your Excellency should make any comment on to M. de Lavallette of the contents of my despatches Nos. 522 and 523 of the 25th inst.

Her Majesty's Government concur with your Excellency in the view which you take of the terms of that Decree, as stated in your despatch No. 580 of the 31st of May, and after the explanations which you have given of the nature of the objections entertained by you to the form originally proposed by the French Government, they agree in the opinion which you express that the existing guarantees being respected, the Commission should have the power of making an equitable distribution of the revenues which may remain, on which the expenses of the Tunisian Government would form the first charge to be provided for.

Her Majesty's Government also agree with your Excellency in considering that it is very important that the Commissioners should proceed on the principle of effecting a fair and equitable arrangement as regards the interests of all parties concerned, and should not seek to promote those of one party in preference to those of another.

Your Excellency justly remarks in your despatch No. 583 of the 1st of June, that the best practical security for the English and Italian creditors will be found in making their interests as far as possible identical with those of France, and they are glad to perceive from M. de Lavallette's language, reported in the same despatch, that he is no less averse than they are to the idea of any one Power acting in these matters independently of the others.

Your Excellency acted perfectly right, as reported in your despatch No. 581 of the 31st of May, in communicating the draft of Decree confidentially to the Italian Minister, and the assurances given by General Menabrea to Sir Augustus Paget, as reported in the latter's despatch No. 178 of the 20th of May, which has passed through your hands, are entirely satisfactory as to that Minister's intentions in regard to the future progress of these financial matters.

Your Excellency has also judged rightly in determining, as reported in your despatch No. 582 of the 1st of June, to take no notice of M. Pinard's further communication and it is satisfactory to find that M. de Lavallette disapproves that gentleman's proceedings, and disavows any previous knowledge of his intentions.

The preliminary negotiations with the French Government having thus been brought to a satisfactory conclusion, I have great pleasure in acquainting your Excellency that Her Majesty's Government most fully approve the manner in which you have conducted them, and which has so decidedly contributed to the result which has now been happily arrived at.

I am, &c.
(Signed) CLARENDON

Lord Lyons to the Earl of Clarendon.—(Received June 4.)

(No. 601.)

My Lord,

Paris, June 2, 1869.

THIS afternoon, in obedience to the instruction contained in your Lordship's despatch No. 547 of the day before yesterday, I informed the Marquis de Lavalette that Her Majesty's Government agreed to the draft of the Decree to be issued by the Bey of Tunis, but at the same time observed that they did not understand it as conferring on the Commission power to divert from any class of foreign creditors the sources of revenue already appropriated for the liquidation of their claims.

M. de Lavalette told me that he had already received from the French Ambassador in London a report of a similar communication made to his Excellency by your Lordship. He went on to say that, for his own part, he did not quite understand the object of the reservation made by Her Majesty's Government. It would be very difficult to determine to what parties the various branches of the Tunisian revenues had been first assigned. So reckless and irregular had been the conduct of that Government that it would be far from easy to decide which parties had the prior title to the pledges it had given, and there would probably be found very little of the revenue left which had not been assigned to some one or other. Even M. Pinard might put in a claim to those revenues pledged to the Comptoir d'Escompte in the contract just made.

I said that the reservation made by Her Majesty's Government was certainly not intended to embarrass the Commission or to impede its action. I could, on the contrary, assure M. de Lavalette that all the influence of Her Majesty's Government would be used to promote its success and to enable it to effect an arrangement fair to all parties. Her Majesty's Government would certainly not support British subjects in claiming pledges which did not clearly belong to them. Her Majesty's Government would rather be disposed to advise them to recede from their extreme rights in order to facilitate a fair and equitable arrangement; but Her Majesty's Government could not take upon itself to dispose of the property of its subjects without their consent. It could not, therefore, of its own authority, place the securities belonging to British subjects at the disposal of the Commission. It was indeed, I added, not to be apprehended that the Commission would deal with these securities in a manner unacceptable to British creditors; for the holders of the loans called the Conversions, in which those creditors were principally interested, had a majority in the Controlling Section. Still it seemed to me to be only right and natural that Her Majesty's Government should guard themselves from being misunderstood on this point.

The French Government could, I said in conclusion, have no difficulty in setting aside the Decree of the Bey confirming M. Pinard's contract; for that Decree was not only eminently unjust and unwarrantable in itself, but was a violation of the Decree of the 4th April, 1868, which the Government of the Emperor had so persistently maintained as constituting an engagement with France binding on the Bey.

M. de Lavalette said that he felt no hesitation about M. Pinard's contract. There might be some outcry in Paris about it, but M. Pinard had made an attempt to "forcer la main au Gouvernement," and would soon find that this would not be yielded to.

I told M. de Lavalette that I was authorized by your Lordship to apprise Her Majesty's Consul-General at Tunis that Her Majesty's Government had agreed to the proposed draft, and I said that I was quite ready to do so at once.

M. de Lavalette begged me to wait until we had come to an understanding as to what should be said, and asked me to allow him to send M. Desprez to me the day after to-morrow to confer with me upon the instructions to be sent to Tunis to this I of course agreed, and I have consequently not written to Mr. Wood.

I mentioned confidentially to the Italian Minister, who was in M. de Lavalette's anteroom, that Her Majesty's Government had assented to the draft, and I also made him acquainted with the observation with which the assent was accompanied.

I have, &c.

(Signed) LYONS

The Earl of Clarendon to Mr. Wood.

(No. 14.)

Sir,

Foreign Office, June 4, 1869.

YOU will receive from Lord Lyons a copy of a Draft of Decree which has been drawn up at Paris in concert with Her Majesty's Government, and which the Bey of Tunis is to be moved to promulgate for setting on foot the proposed Financial Commissions.

Lord Lyons will direct your attention to any points connected with this draft which call for special observation; and it is, therefore, only necessary for me to say that Her Majesty's Government consider that it is very important that the Commission should proceed on the principle of effecting a fair and equitable arrangement as regards the interests of all parties concerned, and should not seek to promote those of one party in preference to those of another.

They consider, moreover, that the best practical security for the English and Italian creditors will be found in making their interests identical with those of France, and they deprecate the idea of any one Power acting independently of the others, in regard to the matters which are now to be entrusted to Commissions appointed by the common consent of all.

I have only to add that I am informed by Lord Lyons that M. de Lavalette disapproves M. Pinard's proceedings, and disavows any previous knowledge of his intention.

I am, &c.

(Signed) CLARENDON

No. 262.

The Earl of Clarendon to Sir A. Paget.

(No. 92.)

Sir,

Foreign Office, June 4, 1869.

I TRANSMIT to you herewith, for your information, a copy of a despatch which I have addressed to Mr. Wood* on the subject of Tunisian Finance and the Draft Decree to be promulgated by the Bey, a copy of which is inclosed in my despatch No. 104 of the 14th instant.

You will communicate the substance of this despatch to Count Menabrea, with the expression of a hope that similar instructions may be sent to the Italian Consul-General.

I am, &c.

(Signed) CLARENDON

No. 263.

The Earl of Clarendon to Lord Lyons.

(No. 559.)

My Lord,

Foreign Office, June 4, 1869.

I TRANSMIT to your Excellency under flying seal a despatch to Mr. Wood,* which you will forward to Tunis with a copy of the Draft Decree respecting the Tunisian Commissions.

Your Excellency will communicate the substance of this despatch to M. de Lavalette, with the expression of a hope that similar instructions may be sent to the French Consul-General.

I am, &c.

(Signed) CLARENDON

The Earl of Clarendon to Sir A. Paget

(No. 194.)

Sir,

Foreign Office, June 5, 1869.

I HAVE received your despatch No. 178 of the 29th ultimo, reporting the communications which have passed between you and General Menabrea on the subject of Baron Castelnovo's proceedings at Tunis, and his assertion as to the non-existence of British creditors, referred to in Mr Wood's telegram, and I have to state to you that I consider the explanations contained in your despatch quite satisfactory.

I am, &c.
(Signed) CLARENDON

No. 265.

Sir A. Paget to the Earl of Clarendon.—(Received June 5.)

(No. 182.)

My Lord,

Florence, May 31, 1869

WITH reference to my despatch No. 178 of the 20th instant, I have the honour to inclose a copy of a telegram which I received on the evening of that day from Mr. Wood, stating that the intrigues of Baron Castelnovo still continued, and that he (Mr. Wood) had notified to the Bey his intention to renew his Protest respecting the cancellation of the debt, in which step he desired to be supported by his Italian colleague.

Yesterday morning I received a letter from Mr. Wood, of which I also inclose a copy, respecting Baron Castelnovo's language at Tunis, and immediately on its receipt I addressed to Count Menabrea a letter, of which a copy is likewise transmitted, in which I enclosed Mr. Wood's telegram and letter, and requested his Excellency to give further immediate instructions in consequence thereof.

Not having heard from his Excellency this morning, I again addressed him a few lines, which I also send in copy, and I have further the honour to forward to your Lordship a copy of the answer which I have received from M. Blanc, the Secretary-General of the Foreign Department, in conformity with the information contained in which I have just addressed the following telegram to Mr. Wood:

"General Menabrea telegraphed yesterday to Italian Consul to declare formally to Bey that Castelnovo has no mission, and that Italian Government is acting in perfect concert with Her Majesty's Government."

I have, &c.
(Signed) A. PAGET

Inclosure 1 in No. 265.

*Mr. Wood to Sir A. Paget.**Tunis, May 20, 1869*

(Telegraphic)

THE telegram you obligingly sent has been of very great use, as intrigues continue. I have seen Bey, to notify intention to renew protest pursuant to Lord Clarendon's instructions of 18th instant. Trust Italian Consul will join me in same.

Inclosure 2 in No. 265.

Mr. Wood to Sir A. Paget.

(Private and Confidential.)

Dear Sir,

Tunis, May 25, 1869

YOU will be pleased to forgive me if I venture to address you in a confidential form on a subject that causes me much present embarrassment and perplexity.

Baron Castelnovo arrived here on the 17th instant, and affirms that General Menabrea has entrusted him with the mission to settle the question arising out of the Bey's Decree for the forcible unification of Tunisian debts. He has put himself in communication with the Bey, and subsequently with me and my Italian colleague

I am unable to say precisely what he stated to the Bey, but he told me that "as Lord Clarendon had searched the archives at the Foreign Office, and could not find a list of the British creditors of the Bey, his Lordship had acquainted Italy with the non-existence of British creditors, that Great Britain had no longer any interest in the question; that Italy could not, therefore, count upon her action and co-operation, and that it was for Italy to settle the matter as best she could." in consequence of which declaration, and the abandonment of Italy by England, the Cabinet of Florence sees itself obliged to yield to the demand of France, that a French Commissioner should be appointed by her to administer the finances of the Regency conjointly with two Tunisians, and that the Bey could prevent the official appointment of such an officer by asking France, in anticipation, to place the services of a person versed in financial matters at His Highness' disposal.

I told Baron Castelnovo that he must labour under some misapprehension with regard to the declaration of Her Majesty's Government that no British creditors existed, since my instructions from Lord Clarendon up to the 10th of May, for the protection of their interests, were peremptory and conclusive; and that with reference to the appointment of a French Commissioner I could only say that it was proposed by the late M. de Montier, but as the plan was then deemed unacceptable, I was not aware of any new circumstances that could have induced our Government to alter its views with respect to it.

Baron Castelnovo has made a similar communication to my Italian colleague; but, to our surprise, whilst he persists to be entrusted with this Mission, he is not the bearer of any letter from General Menabrea to the Italian Representative here. He simply tells us that if we have any doubts on the subject, we are free to telegraph to Florence for information for our guidance.

But be this as it may, the arrival and direct interference of Baron Castelnovo in the present question in the name of General Menabrea has caused much mischief and a panic. His declaration that England had abandoned Italy, and had ceased to protect the British creditors has incalculably weakened the attitude I was instructed to assume here, while it has encouraged the Tunisian Government to persevere in its scheme of spoliation. It has, in short, completely neutralized my previous action, and has deprived me, besides, of the co-operation of my Italian colleague, until he receives fresh instructions from his Government.

I have deemed it of importance to acquaint you with the foregoing circumstances in the hope you will be kindly pleased to make use of the information in any manner you may consider advisable, it being a matter of urgency to ascertain the real and ostensible object of Baron Castelnovo's mission, in order to remove me from a position of great perplexity, and to save me from the commission of some error of judgment in attempting to sustain the attitude which I have assumed, but which may be no longer in accordance with altered circumstances.

I have, &c.
(Signed) RICHARD WOOD.

P.S.—I have just seen M. Pinna, who assures me that he will continue to act as heretofore, notwithstanding Baron Castelnovo's presence.

R. W.

Inclosure 3 in No. 265.

Sir A. Paget to Count Menabrea

Mon cher Ministre,

Dimanche matin, le 30 Mai, 1869

AUSSITOT rentré chez moi hier je me suis empressé d'expédier à Lord Clarendon, ainsi qu'à M. Wood, le télégram que j'ai rédigé dans votre cabinet. Hier soir j'ai reçu de M. Wood le télégram que j'ai l'honneur de vous remettre ci-joint. Vous y verrez que les intrigues continuent, que M. Wood a vu le Bey pour lui notifier son intention de renouveler la protestation contre l'unification des créances, et qu'il espère que son collègue d'Italie se joindra à lui dans cette démarche.

Je ne doute pas, mon cher Ministre, que votre Excellence ne veuille donner des ordres immédiatement par le télégraphe au Baron Pinna à cet effet. L'action combinée des Agents d'Angleterre et d'Italie serait apparemment la meilleure sinon la seule manière de mettre fin aux intrigues inqualifiables du Baron Castelnovo, et il est temps qu'elles cessent.

Je vous envoie en outre une lettre que je reçois par la poste de ce matin de M. Wood,

dans laquelle vous apprendrez plus en détail, et avec la même indignation que moi-même j'en suis sûr, les bruits audacieux et mensongers que M. Castelnovo s'est permis de répandre sur le compte du Gouvernement Anglais et Italien, se disant chargé d'une Mission de votre Excellence et parlant en votre nom.

Vous ne manquerez pas d'apprécier, j'en ai la conviction, ces faits comme ils méritent, et de marquer, ne fut-ce que par égard pour mon Gouvernement, la haute réprobation qu'ils vous inspirent.

En vous priant de vouloir bien me rendre le télégram et la lettre de M. Wood, veuillez agréer, &c.

(Signé) A. PAGET

Inclosure 4 in No. 265

Sir A. Paget to Count Menabrea

(Particulière.)

Mon cher Ministre,

Florence, Lundi, le 31 Mai, 1869

Je vous suis bien reconnaissant si vous voudriez avoir l'obligeance de me renvoyer les papiers de M. Wood, et me dire en quelle mesure (si vous en avez envoyé) que vous avez adressés à votre Agent à Tunis par suite de ma communication d'hier car je désire en écrire aujourd'hui à mon Gouvernement.

Veuillez, &c.
(Signé) A. PAGET

Inclosure 5 in No. 265

M. Blanc to Sir A. Paget

Mon cher Ministre

Ministère des Affaires Étrangères, le 31 Mai, 1869

Le Général Menabrea me charge de vous remercier de votre bienveillante communication et de vous en faire retour. Il a télégraphié hier que le Baron Castelnovo n'a aucune mission, ce qui est resté avant d'être déclaré antérieurement, il a ordonné à notre Consul à Tunis de le déclarer formellement au Bey; enfin il a confirmé que nous marchons entièrement d'accord avec l'Angleterre. Il ne peut donc plus y avoir d'équivoque.

Veuillez, &c.
(Signé) A. BLANC

No. 266

Sir A. Paget to the Earl of Clarendon.—(Received June 5.)

(No. 183.)

My Lord,

Florence, May 31, 1869.

With reference to my despatch No. 126 of the 1st instant, in which I stated that, in compliance with your Lordship's despatch No. 76 of the 17th instant, I had forwarded to Count Menabrea copies of Mr. Wood's despatch No. 9 of the 29th of April, and of two of its inclosures, I have now the honour to transmit a copy and translation of a letter which I have this day received from his Excellency in reply to that communication.

I have, &c.
(Signed) A. PAGET

Inclosure in No. 266

Count Menabrea to Sir A. Paget

Signor Ministro,

Firenze, 29 Maggio, 1869.

MI porgo accusar le ricevuta della nota ch'ella mi ha diretto in data del 21 corrente, e quella da lei comunicazione andava unita copia dell'interessante relazione indirizzata dal Signor Wood a Lord Clarendon relativamente al progetto di unificazione di tutti i debiti

Tunisi, stato notificato dal Governo del Bey agli Agenti e Consoli-Generali presso di lui residenti.

Le porgo infinite grazie per una tale comunicazione. Dalla medesima ebbi la conferma che gli Agenti d'Italia e della Gran Bretagna in Tunisi avevano agiti in identico senso, mossi unicamente dal desiderio di tutelare gli interessi dei sudditi dei loro rispettivi Governi.

In questo fatto noi vediamo una prova d'identità assoluta degli interessi che l'Italia e l'Inghilterra difendono in quel paese; e di ciò andiamo lieti come di una sicura garanzia della perfetta intelligenza dei due Gabinetti in una questione che è per noi del massimo interesse.

Gradisca, &c.
(Firmato) MENABREA

(Translation)

Sir,

Florence, May 29, 1869.

I HAVE the honour to acknowledge the receipt of the note which you addressed to me on the 21st instant, inclosing a copy of Mr. Wood's interesting Report to Lord Clarendon on the project of the unification of all the Tunisian debts which the Government of the Bey had made known to the Agents and Consuls-General resident at his Court.

I beg you to accept my best thanks for this consideration, from which I have derived the confirmation of my belief that the Agents of Italy and Great Britain had acted in the same sense, being moved solely by the desire of protecting the interests of the subjects of their respective Governments.

We see in this fact an additional proof of the absolute identity of the interests which Italy and England are defending in Tunis, and we rejoice to find therein a certain guarantee of the perfect understanding between the two Cabinets on a question which interests us in the highest degree.

Accept, &c.
(Signed) MENABREA

No. 267

Lord Lyons to the Earl of Clarendon.—(Received June 5.)

(No. 602.)

My Lord,

Paris, June 4, 1869

M. DESPREZ came to me this afternoon from the Marquis de Lavalette to speak to me on the subject of the observation made by your Lordship to the Prince de la Tour d'Auvergne in giving your assent to the draft of the Decree to be issued by the Bey of Tunis. M. Desprez said that he was not sure that he understood distinctly from the Prince de la Tour d'Auvergne's despatch the purport of your Lordship's observation which, as the Prince stated, appeared to make a distinction between the guarantees given to the British and Italian creditors and those given to the French.

I said that this was a mistake, and that the observation applied to all classes of creditors alike. I proceeded to write for M. Desprez a Memorandum of the observation in the following words:

"Her Majesty's Government do not understand the draft as giving the Commission power to divert from any class of foreign creditors the sources of revenue appropriated for the liquidation of their claims."

M. Desprez seemed to apprehend that the restriction which this observation established might embarrass the Commission in making arrangements fair and acceptable to all parties, and he said that he thought the mention made of the guarantees in the 7th Article of the Draft, the powers assigned to the Controlling Section, and the majority given to the English and Italians in that Section, gave ample security against the adoption by the Commission of any arrangement unfair to British interests.

I observed that I had expressed my own views on these points to M. de Lavalette in the conversation I had with him yesterday, and I showed M. Desprez, in my despatch No. 601, in which I reported that conversation to your Lordship, the following passage:—

"I said to M. de Lavalette that the reservation made by Her Majesty's Government was certainly not intended to embarrass the Commission or to impede its action. I could, on the contrary, assure M. de Lavalette that all the influence of Her

Majesty's Government would be used to promote its success, and to enable it to effect an arrangement fair to all parties. Her Majesty's Government would certainly not support British subjects in claiming pledges which did not clearly belong to them. Her Majesty's Government would rather be disposed to advise them to recede from their extreme rights in order to facilitate a fair and equitable arrangement, but Her Majesty's Government could not take upon itself to dispose of the property of its subjects without their consent. It could not, therefore, of its own authority place the securities belonging to British subjects at the disposal of the Commission. It was, indeed, I added, not to be apprehended that the Commission would deal with these securities in a manner unacceptable to British creditors; for the holders of the loans called the Conversions in which those creditors were principally interested had a majority in the Controlling Section. Still it seemed to me to be only right and natural that Her Majesty's Government should guard themselves from being misunderstood on this point."

M. Desprez said that the explanations I had given him had cleared up most of the points respecting which he had doubted, and that a despatch would be written to the Prince de la Tour d'Auvergne, which would, he hoped, enable his Excellency to come to a definitive understanding with your Lordship.

I observed to M. Desprez that the success of our endeavours to settle this troublesome Tunisian question depended not so much upon the terms of the Decree, as upon the spirit in which it was received and acted upon at Tunis. I hoped, at all events, that the French and English and Italian Agents there would clearly understand that their business was not to criticise the Decree, but to do their utmost to make it work satisfactorily. Their influence and example would, I said, be of the utmost importance. All would go well if they could induce their countrymen to lay aside national rivalry, and local passions and jealousies, and, without wrangling about separate guarantees and separate interests, sincerely to endeavour to make an equitable settlement which would have the full approval and joint support of the three Governments.

I observe, that in your Lordship's despatch No. 517 of the 1st instant, the restriction of the power to divert the guarantees is applied only to the Administrative Section of the Commission. When I suggested that the observation should be made to the French Ambassador, I intended that the power should be withheld from the whole Commission; and I have mentioned the whole Commission, not the Administrative Section only, in the Memorandum quoted above, which I have given to M. Desprez. It may perhaps, however, be deemed a sufficient protection to British subjects to provide that those securities shall not be diverted without the preliminary consent of the Controlling Section. The terms of the Decree, as it stands, can hardly leave any doubt on the subject; but still if the power is to be given to the Commission at all, it may be well to establish with absolute certainty that it can be exercised only by the two Sections jointly.

I have, &c.
(Signed) LYONS

No. 268.

The Earl of Clarendon to Mr. Wood.(No. 15.)
Sir,*Foreign Office, June 5, 1869.*

I HAVE received your despatch No. 17 of the 25th ultimo, reporting the proceedings of Baron Castelnovo at Tunis; and I have to inform you in reply that Her Majesty's Government approve the course which you pursued with respect to this matter as therein reported.

You will have been apprized by Sir A. Paget that Baron Castelnovo had no kind of mission from the Italian Government, by whom his proceedings have been disavowed.

I am, &c.
(Signed) CLARENDON

No. 269.

The Earl of Clarendon to Lord Lyons.

(No. 563.)

My Lord,

Foreign Office, June 5, 1869.

I HAVE received your Excellency's despatch No. 602 of the 4th instant, reporting the conversation which you have had with M. Desprez in regard to the Draft Decree to be issued by the Bey of Tunis, and the question as to power being delegated to the Commission to divert from foreign creditors the source of revenue appropriated to the liquidation of their claims.

I entirely approve the language held by your Excellency to M. Desprez, as reported by you, and I have to state to you that Her Majesty's Government are quite content that the power of diverting the guarantees, referred to in your despatch, should be exercised jointly by the two Sections of the Commission.

Your Excellency shall be made acquainted as soon as possible with the communication which your despatch leads me to expect I shall receive from the Prince de la Tour d'Auvergne upon this subject.

I am, &c.
(Signed) CLARENDON.

No. 270.

The Earl of Clarendon to Lord Lyons.

(No. 564.)

My Lord,

Foreign Office, June 5, 1869.

I HAVE received your Excellency's despatch No. 601 of the 3rd instant, reporting the conversation which you have had with M. de Lavalette upon communicating to his Excellency the concurrence of Her Majesty's Government in the Draft Decree to be issued by the Bey of Tunis; and I entirely approve the language held by your Excellency upon this occasion.

I am, &c.
(Signed) CLARENDON

No. 271.

The Earl of Clarendon to Lord Lyons.

(Telegraphic.)

Foreign Office, June 8, 1869, 2 P.M.

YOU may give copy of No. 14 to Mr. Wood

No. 272.

The Earl of Clarendon to Lord Lyons.

(No. 571.)

My Lord,

Foreign Office, June 8, 1869.

THE French Ambassador communicated to me, yesterday, the despatch from M. de Lavalette respecting the Tunisian Finance Commission for which your Excellency, in your despatch No. 602 of the 4th of June, had prepared me.

In this despatch M. de Lavalette disclaims any wish to set aside the system of guarantees assigned to the different debts contracted by the Bey, and states that the French Government merely propose that the Executive Commission should be empowered to draw up a statement of the revenues which might be added to the whole of these guarantees; and that as regards the guarantees assigned to any particular class of creditors, the composition and the attributes of the Commission supply all the securities that can properly be required. The Decree of the Bey will in fact provide that the approval of the Committee of Control is necessary in all questions of general interest, and the majority which the English and Italian Delegates will have in this Committee will confer upon them the power of defending the interests which they represent.

Under these circumstances M. de Lavalette hopes that the British Government

will no longer insist upon the reserve made by it, which is indeed superfluous; namely, "that the Commission is not to be empowered, under the Decree, to divert from any class of foreign creditors the sources of revenue appropriated for the liquidation of their claims."

For their part, the French Government make no reserve; they accept the Commission with the modifications deemed necessary in order to make it acceptable to the British and Italian Governments, and without any mental reservation, because they consider it to offer the sole means of providing for the interests of all parties concerned.

I have to state to your Excellency that the explanations given in this despatch may be accepted as satisfactory, and I shall inform the French Ambassador accordingly.

I have acquainted your Excellency by telegraph that you are at liberty to furnish M. de Lavalette with a copy of my despatch to Mr. Wood, No. 12 of the 20th of June.

I am, &c.
(Signed) CLARENDON

No. 273.

Mr. Wood to the Earl of Clarendon.—(Received June 9.)

(No. 18.)

My Lord,

Tunis, May 31, 1869.

WITH reference to my despatch No. 17 of the 31st of May, reporting the arrival of Baron Castelnovo, who pretended to have a mission from General Menabrea to settle Tunisian affairs, I have the honour to state that I deemed it necessary to call upon the Bey in order to assure him that the Italian Government had completely disavowed the Baron's proceedings to Her Majesty's Minister at Florence, and had likewise telegraphed to that effect to their Representative at Tunis. I therefore desired His Highness to pay no attention to his statements and representations, which could only lead him astray and create inopportune difficulties, since any new act on his part would be resisted by Her Majesty's Government as well as by that of Italy, which were acting in perfect accord to prevent the ruin of their respective subjects.

I repeated my previous arguments against his arbitrary Decree, but, as in the discussion which ensued it was not difficult to perceive that the Bey and his Minister were still under the impression that they could effect the forcible unification of the debts, I stated to His Highness that, although I had postponed renewing my protest, yet, in view of the reluctance of the Tunisian Government with regard to its future intentions and my own knowledge of the proceedings of other parties, which proceedings, I regretted to observe, were secretly counter-measures,—I and my Italian colleague had no other alternative but to present a fresh protest, in obedience to your Lordship's instruction of the 5th and 18th of May. I urged the Bey not to precipitate matters, and I reproached his Minister with his want of candour in allowing so long a time to elapse without acknowledging the protests of two Great Powers that had given so many proofs of their friendly feelings towards his Prince and the Regency, but which were now resolved to energetically reject any arbitrary arrangement that entailed inevitable ruin upon their subjects.

There is no doubt that the reserve observed by the French Chargé d'Affaires up to the present time serves to encourage the idea that the arbitrary Decree might be possibly carried out through the moral support of France. I have therefore endeavoured, by reading your Lordship's conclusive instructions to M. de Botmihau, to induce him to join me and my Italian colleague in protesting against it, but M. de Botmihau has invariably declined to co-operate with us in the absence of instructions from his Government, which continues to enjoin him to maintain his attitude of reserve.

Whatever may be the reasons which prompt the Emperor's Government to desire that their Representative in Tunis should remain passive and should isolate himself from his colleagues in a question that occupies the attention of the three Governments, the result is not the less prejudicial and regrettable, inasmuch as it leaves great latitude to the Tunisian Government, conjointly with the Agents of the Comptoir d'Escompte, to carry on secret negotiations, both here and elsewhere, which necessitate, in prevision of future contingencies, that M. Pinna and I should renew our protests to-morrow in terms more explicit and energetic.

The suspense in which the public is held by the vacillation, or rather the perseverance of the Tunisian Government in its shortsighted course, on the one side, and the

reserve of the French Government, on the other, have caused a great depression in the value of the local loans. The loss to the creditors averages from 10 to 35 per cent.; to that amount, therefore, the capitals engaged have been diminished, which heavy loss (though it is to be hoped is only temporary) might have been easily obviated by the declaration of the French Government to the Comptoir d'Escompte that they will not give the permission required by the French laws for quoting at the Paris Exchange the forcible unification of Tunisian indebtedness.

I have, &c.
(Signed) RICHARD WOOD.

No. 274.

Mr. Wood to the Earl of Clarendon.—(Received June 9.)

(No. 19.)

My Lord,

Tunis, June 1, 1869.

I HAVE the honour to state that the French Chargé d'Affaires has informed me that he had received a despatch from the Minister of State, M. Rouher, appraising him that Her Majesty's Government and those of France and Italy had come to an understanding relative to the International Financial Commission to be established in Tunis on the bases which the late M. de Montier had proposed with some slight modifications, and that he would shortly receive definitive instructions on the subject. M. de Botmihau has made a similar communication to his Italian colleague, as well as to the Bey and to the Prime Minister.

I replied that, being for the present unacquainted with the decision of our respective Governments thereon, as well as with the modifications referred to in M. Rouher's despatch of the 10th of May, I conceived it my imperative duty to strictly adhere to your Lordship's instructions of the 18th of May, and I invited him to join me and M. Pinna in protesting against the Bey's Decree. M. de Botmihau declined to do so, adding, however, that his next instructions might possibly authorize him to follow a like course.

The communication appears to have created some alarm in the mind of the Bey, who, in alluding to it in his conversations with me and M. Pinna, expressed a hope that Great Britain and Italy would not urge him to surrender his autonomy. I observed to His Highness that Her Majesty's Government had at all times given him the best advice and assistance, and that had his Government followed their disinterested and friendly counsels, many difficulties and embarrassments might have been obviated, and himself spared personal mortification; but unfortunately the advice of designing parties had been listened to with greater favour and complacency; and if the result, therefore, was now adverse to his wishes and expectations, no blame could be attached to those who had not only foreseen and predicted the disastrous consequences that would ensue, but had exhausted every argument, and had exerted their utmost efforts to dissuade him and his Ministers from persevering in a course of policy that could not but alter his position, sooner or later, by putting a limitation to the freedom of the action of his Government.

I have, &c.
(Signed) RICHARD WOOD.

No. 275.

Mr. Wood to the Earl of Clarendon.—(Received June 9.)

(No. 20.)

My Lord,

Tunis, June 1, 1869.

I VENTURE to submit a copy of a very able statement of Tunisian finance, signed by the trustees of the local Conversions of all nationalities, and a copy of which has been already presented to the Tunisian Government.

The object sought to be attained by this statement, which is being published for distribution in Europe, is, by giving a clear and an impartial account of the origin and growth of Tunisian indebtedness, to remove some erroneous impressions that are being entertained with reference to it, in order to prepare the way and serve as a prelude to some arrangement between the holders of the so-called French loans, the local Conversionists, and the Tunisian Government.

Mr. Chief Interpreter Santillana, whose acknowledged acquaintance with the

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subject, and M. Gutierrez, an Italian gentleman who negotiated the local Conversions with the Tunisian Minister, have called on my French colleague at his desire to read to him this document, and to give him such explanations as he might require in regard to some of its details. And it is not without satisfaction I venture to state that M. de Botmilian generally approved of the statements and views set forth with so much lucidity and force, and has desired to be furnished with a copy of it for transmission to his Government with his own observations and appreciations thereon.

The project embodying the proposed arrangement which is to follow the publication of the financial statement, is not yet completed, it being a matter that requires much study to conciliate so many clashing interests by mutual concessions in a manner satisfactory to all parties concerned, but more especially to the Tunisian Government, whose interests, present and future, are taken into serious consideration from a conviction that its own prosperity and existence are inseparable from the preservation of the capitals and fortunes of the foreign creditors.

The scheme in question has, of course, no official character. It consists simply of proposals for an understanding and an arrangement, in the first instance, between the different classes of creditors amongst themselves, and eventually with the Tunisian Government, in which case it would require the sanction of the three Governments to give validity to the whole transaction.

I shall do myself the honour to submit the project to your Lordship's consideration by the next steamer, which will leave on the 5th instant.

I have, &c.
(Signed) RICHARD WOOD.

No. 276.

Sir A. Paget to the Earl of Clarendon.—(Received June 9.)

(No. 190)

My Lord,

Florence, June 4, 1869.

IN reply to an inquiry I addressed to Count Monabrea this morning as to whether he had heard anything more in regard to the affairs of Tunis, his Excellency informed me that he had learnt from the Italian Chargé d'Affaires in London that your Lordship had approved the last draft of a Decree, to be promulgated by the Bey, proposed by the French Government.

His Excellency said that this draft had not yet reached him, but it might probably arrive to-day. He would give it his immediate attention, and he presumed that if it had met your Lordship's approval it might also be accepted by himself; but if any change should appear necessary he should propose that the Representatives of England and Italy at Paris should be empowered to concert with the French Government as to the final wording of the Decree, instead of incurring the loss of time which would be entailed by further reference to London and Florence.

In reply to a further observation of mine to the effect that I trusted M. Castelnovo's intrigues were finally put a stop to, his Excellency said that he had heard nothing more on this subject.

I have, &c.
(Signed) A. PAGET

No. 277

Lord Lyons to the Earl of Clarendon.—(Received June 9.)

(No. 606)

My Lord

Paris, June 8, 1869.

IN obedience to the instructions contained in your Lordship's despatch No. 359 of the 4th instant, I yesterday made known to the Marquis de Lavalette the contents of your Lordship's instruction to Mr. Wood, No. 14, also of the 4th instant, respecting the Draft of a Decree to be issued by the Bey of Tunis, which has been agreed upon by the British and French Governments.

M. de Lavalette said that he entirely concurred in your Lordship's instruction, that indeed it was just what he should have written himself. He sent for M. Desprez who, on being made acquainted with the instruction, expressed an equally favourable opinion of it. They asked me to give them a copy of it, and I accordingly asked your Lordship yesterday by telegraph for permission to do so.

I proceeded to tell M. de Lavalette and M. Desprez that, in accepting the Draft as it stood, Her Majesty's Government acted in the belief that the terms of it precluded the Executive Commission from exercising alone a power of diverting from any class of creditors sources of revenue already assigned to them for the liquidation of their claims. Her Majesty's Government were not, I added, disposed to take exception to the exercise of such a power by the two sections jointly. M. de Lavalette and M. Desprez both said that no such power could be exercised by the Executive Section without the previous approbation of the Controlling Section, and they added that the wording of the Decree made this perfectly clear.

I have the honour to inclose a copy of a despatch with which I purpose to forward to Mr. Wood by to-morrow's post your Lordship's instruction, and a copy of the Draft of the Decree.

I have, &c.
(Signed) LYONS

P.S. Since the above was written I have received your Lordship's telegram authorizing me to give to the Marquis de Lavalette a copy of your despatch to Mr. Wood, No. 14 of the 4th instant, and I have accordingly sent a copy to his Excellency.

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Inclosure in No. 277.

Lord Lyons to Mr. Wood.

Sir,

Paris, June 8, 1869.

I HAVE the honour to forward to you herewith a despatch addressed to you by the Earl of Clarendon, and a copy of a Draft of a Decree to be issued by the Bey of Tunis, which has been drawn up at Paris in concert with Her Majesty's Government.

You will perceive from Lord Clarendon's despatch that his Lordship has instructed me to direct your attention to any points connected with the draft which call for special observation.

It does not fall within our province to give opinions on the merits of the plan for managing the finances of Tunis which this new Decree will bring into operation. This plan is the result of communications between Her Majesty's Government and the Government of the Emperor of the French, and our duty is to use our best endeavours to make it work satisfactorily.

The Financial Commission to be established by the Decree, as you will perceive, to be divided into two Sections or Committees, one for administration and the other for control. The Administrative or Executive Section is to consist of two Tunisian officials to be named by the Government of the Regency, and of a French Inspector of Finances, to be designated by the French Government. The Controlling Section is to be composed of two French members representing the loans of 1863 and 1865, and of two English and two Italian members representing the loans commonly called the Conversions. It is provided that the approval of the Controlling Section shall be necessary to give executive force to the decisions of the other Section. The authority given to the English and Italians in the Controlling Section, and the powers attributed to that Section, seem amply sufficient to protect the interests involved in the "Conversions." I may add too, although the wording of the Decree is in itself enough to put the point beyond doubt, that it is distinctly understood by the British and French Governments that the Decree does not give any power to the Executive Section of the Commission to divert from any class of creditors sources of revenue already appropriated to them for the liquidation of their claims. No such power can be exercised, except by the two Sections jointly. There does not, indeed, appear to be any reason to apprehend that the English and Italian creditors will not have ample means of defending their interests. It is more to be feared that a lack of union and impartiality among the several parties represented in the Commission may bring the proceedings to a standstill. The French financial officer may, in virtue of his superior knowledge and energy, and of the weight which he will derive from his selection by the French Government, be expected to direct the operations of the Executive Section. Nevertheless, the two Tunisians will have the numerical majority in that Section, and may use that majority to thwart their French colleague. In the other Section the English and Italian creditors will have a majority over the French creditors, and if they act upon the notion that these interests

are different from those of the French, may bring the whole machine to a standstill. What appears to be necessary to obtain success is, that the several members of the Commission should lay aside national and local prejudices and rivalries, and sincerely endeavour not to advance the supposed separate interests of any particular class, but to effect an arrangement fair alike to the Regency of Tunis and to all its creditors. Although the Representatives of England, France, and Italy at Tunis will not take a direct part in the operations of the Commission, their influence and example cannot fail to have a most powerful effect in inspiring the Commission with the conciliatory and impartial spirit without which no satisfactory result can be expected.

I have, in obedience to instructions from Lord Clarendon, made the Marquis de Lavalette acquainted with the contents of the despatch from his Lordship to you, No. 14 of the 4th instant.

I have, &c.
(Signed) LYONS.

No. 278.

The Earl of Clarendon to Lord Lyons.

(Telegraphic.)

Foreign Office, June 9, 1869.

YOUR instruction to Wood in your No. 806 is approved, but in the copy you sent there seems to be an omission in fourth paragraph which says, "the Controlling Section is to be composed of the French Members representing the loans commonly called the Conversions." You may also desire Wood, with the concurrence of the French Consul-General, to press the Decree, even if the Italian Consul-General should not have received his instructions.

No. 279

The Earl of Clarendon to Mr. Wood.

(No. 16.)

Sir,

Foreign Office, June 10, 1869.

I APPROVE the language which you held to the Bey of Tunis in regard to the proceedings of Baron Castelnovo and the financial affairs of the Regency, as reported in your despatch No. 18 of the 31st ultimo.

I am, &c.
(Signed) CLARENDON

No. 280

The Earl of Clarendon to Mr. Wood.

(No. 17.)

Sir,

Foreign Office, June 10, 1869.

I APPROVE the language which, as reported in your despatch No. 19 of the 1st instant, you held to the Bey of Tunis and the Agents of France and Italy on being informed by the French Agent that an agreement had been come to by the Governments of Great Britain, France, and Italy relative to the proposed International Financial Commission to be established at Tunis.

I am, &c.
(Signed) CLARENDON

No. 281

Lord Lyons to the Earl of Clarendon.—(Received June 11.)

(No. 619.)

My Lord,

Paris, June 10, 1869.

With reference to the telegram recorded in your Lordship's despatch No. 586 of yesterday's date, I have the honour to inclose a copy of a further despatch which I have addressed to Mr. Wood on the subject of the Decree to be issued by the Bey of Tunis with regard to the proposed Financial Commission.

I mentioned last night to the Chevalier Nigra, the Italian Minister, that the draft of the Decree had been finally agreed to by Her Majesty's Government, and that instructions had been sent to Her Majesty's Agent at Tunis to recommend the Bey to adopt it.

M. Nigra remarked that he considered the interests of the English and Italian creditors to be sufficiently secured by the preponderance given to them in the Controlling Section of the Commission. One of two things, he said, must happen, either the two sections would work together harmoniously and effect a settlement on terms fair to all parties, or the two sections would oppose each other and bring the whole affair to a dead-lock, which would necessitate a farther appeal to the three Governments.

I observed to M. Nigra that it would certainly be necessary, in order to obtain a satisfactory result, that the Commissioners should work together with goodwill and impartiality, and I added that much would depend on the example set them by the Representatives of the three Governments at Tunis.

I have, &c.
(Signed) LYONS.

Inclosure in No. 281

Lord Lyons to Mr. Wood.

Sir,

Paris, June 10, 1869.

I HAVE to state to you that the despatch which I wrote to you the day before yesterday has been approved by the Earl of Clarendon, and that I am directed by his Lordship to desire that, with the concurrence of your French colleague, you will press the Bey to issue the Decree, of which a draft was inclosed therein, even if your Italian colleague should not have received instructions on the subject.

I am, &c.
(Signed) LYONS

No. 282

Mr. Wood to the Earl of Clarendon.—(Received June 13)

(No. 22.)
My Lord,

Tunis, June 5, 1869.

I HAVE the honour to receive your Lordship's despatches Nos. 10 and 12 of the 5th and 18th May, the latter containing the full and strict instructions referred to in the former, and in obedience thereto I have presented an energetic protest to the Tunisian Government, for the reasons I have ventured to state in my Report No. 18 of the 31st of May, against its arbitrary proceedings, calculated to inflict ruin upon so many of its British and other foreign creditors.

I beg to submit respectfully a copy of my protest, as well as a copy of the letter that I have addressed to the Italian Representative, advising him to associate himself with me in protesting, which he intends to do, it being our opinion that such a course has become absolutely necessary.

Our French colleague, not having yet received any instructions from his Government on the subject of the Bey's Decree, continues to maintain the same reserve, and consequently declines to co-operate with us.

I have, &c.
(Signed) RICHARD WOOD

Inclosure 1 in No. 282

Mr. Wood to the Bey of Tunis

Tunis, June 2, 1869.

THE Undersigned, Her Majesty's Agent and Consul-General, has the honour to present to His Highness the Muchir Mohammed el Saddok, Basba Bey of Tunis, that on the 27th of April last he addressed a protest in the name of Her Majesty's Government against the Decree for the proposed unification of Tunisian debts.

Not having had the honour to receive, up to the present date, any acknowledgment

of the aforesaid protest, Her Majesty's Government have again instructed the Under-signed to renew their protest in the most positive and formal manner; and to reiterate the declaration that Her Majesty's Government will never accept or acquiesce in any arbitrary arrangement, which inflicts ruin upon so many of Her Majesty's subjects.

Should the Tunisian Government persist in disregarding their own solemn contracts against every principle of good faith, of morality, and of public right, the Under-signed is instructed to remind them that the property of British subjects is placed under the safeguard and protection of International Treaties, which do not permit that British property should be interfered with or endangered in any way, much less by being transferred by arbitrary Decrees and contracts without the knowledge and consent of the creditors, to third parties who are not only irresponsible, but reside in foreign countries, and are not even under the control and jurisdiction of His Highness.

Her Majesty's Government will continue, therefore, to hold the Tunisian Government directly responsible for the sums that British subjects have advanced to them, and will likewise throw upon the Tunisian Government the responsibility of the consequences that might arise from an open violation of international stipulations.

By the continuance of the present unsatisfactory state of things, public confidence is being daily destroyed, and the losses accruing to the British creditors from the depression in the value of the Tunisian funds amount already to a very large sum of money. This consideration alone should prompt the Tunisian Government to remedy, without further delay, the injury and wrong they have done and are doing to Her Majesty's subjects, in order to obviate any question that might arise hereafter as to the justice of demanding due and proper reparation from the Tunisian Government for the losses they are inflicting upon the said creditors.

The Under-signed has been peremptorily instructed to call the earnest attention of His Highness to these matters, and to state that it is the desire of Her Majesty's Government that His Highness should not permit any occurrence to intervene that may in any way weaken the bonds of friendship which have from ancient time existed between the two Governments, but that, whilst this is the sincere desire of Her Majesty's Government, they are not the less resolved to afford to the British subjects residing in the Regency the protection to which they are entitled.

The Under-signed, &c.

(Signed)

RICHARD WOOD.

Inclosure 2 in No. 282

Mr. Wood to M. Pinna.

Tunis, le 2 Juin, 1869.

Monsieur et cher Collègue,

J'AI l'honneur de vous faire part de la dépêche télégraphique que son Excellence le Représentant de Sa Majesté la Reine à Florence a bien voulu m'adresser le 29 Mai, au sujet de la mission de M. le Baron Castelnovo, par laquelle Sir Augustus Paget m'informe que son Excellence le Général Menabrea est parfaitement étranger à la mission de ce monsieur.

Pourtant, comme le Gouvernement de Son Altesse le Bey n'a pas cru à propos d'écarter encore la réception du Protêt que je lui avais adressé le 20 Avril, 1869, par ordre du Gouvernement de Sa Majesté Britannique, et qu'il est de ma connaissance qu'il n'a nullement cessé d'entretenir d'autres projets d'unification de ses dettes outre le premier, je crois de mon devoir le plus impératif de ne pas retarder plus longtemps la mise en exécution des instructions que Lord Clarendon m'a adressé le 5 et 18 de Mai. À l'effet de renouveler de la manière la plus énergique mon protêt contre tout arrangement arbitraire de la part du Gouvernement du Bey qui infligerait une ruine certaine aux sujets de Sa Majesté.

Comme les Gouvernements de la Grande Bretagne et d'Italie agissent d'un commun accord dans la question Tunisienne, j'aime à croire, Monsieur, que vous voudriez bien vous associer à moi pour renouveler nos protêts afin de sauvegarder de la manière la plus efficace les intérêts de leurs sujets respectifs qui sont placés sous notre protection.

Je profite, &c.

(Signé)

RICHARD WOOD.

No. 283.

The Earl of Clarendon to Mr. Wood

(No. 18.)

Sir,

Foreign Office, June 15, 1869.

I HAVE to acquaint you that I approve the course you adopted, as reported in your despatch No. 22 of the 5th instant, in protesting against the Decree of the Bey for the forcible unification of Tunisian debts.

I am, &c.
(Signed) CLARENDON.

No. 284.

Lord Lyons to the Earl of Clarendon.—(Received June 15.)

(No. 628. Confidential)

My Lord,

Paris, June 14, 1869.

THE Marquis de Lavalette told me, confidentially, yesterday, that he had been much surprised and annoyed by the manner in which his draft of a Decree, to be issued by the Bey of Tunis, had been received at Florence. General Morpierre had, he said, not absolutely rejected the draft, but had made some complaint as to the presence of a French Financial Officer in the Administrative Section, and had stated an intention of accompanying the assent of the Italian Government with a sort of protest. M. de Lavalette had, in consequence, felt obliged to send a very stiff telegram to the French Minister at Florence, stating that the Government of the Emperor could not admit any such protest; that they felt that the Decree carried out with perfect good faith their engagements to the Italian Government; and that, if that Government did not accept the Decree, they would have no other alternative but to proceed without its concurrence.

M. de Lavalette went on to say, that a telegram which had just come in from Florence gave him reason to hope that a satisfactory understanding would be arrived at, but that the conduct of the Italian Government had prevented his being able to send the instruction relative to the Decree to Tunis on Wednesday last, as he had intended.

I said, that for my part I had sent the draft of the Decree to Tunis on Wednesday, accompanied by the instruction from your Lordship to Mr. Wood which I had communicated to his Excellency.

I have received no information from the Chevalier Nigra, the Italian Minister here, of this difference of opinion between the French and Italian Governments.

I have, &c.
(Signed) LYONS

No. 285.

The Earl of Clarendon to Lord Lyons.

(No. 600.)

My Lord,

Foreign Office, June 15, 1869.

I HAVE received your despatch No. 628 of the 14th instant, reporting that difficulties were being made at Florence as to the draft of Decree respecting the Tunisian Finance Commission, on which the British and French Governments were agreed, and I have to state to your Excellency that Count Maffei called upon me yesterday with a protest from his Government against the presence of a French Commissioner alone in the Executive Commission, and at the same time made sundry reserves on the part of his Government, to which, however, I consider no weight could be attached.

I did not conceal from Count Maffei my dissatisfaction at the communication he was instructed to make to me; and I said, that as far as Her Majesty's Government were concerned, the arrangement had been concluded, and that Count Menabrea must take his own course.

I am, &c.
(Signed) CLARENDON

Mr. Wood to the Earl of Clarendon.—(Received June 17)

(No. 23.)

My Lord,

Tunis, June 8, 1869.

I HAVE the honour to transmit herewith an appeal to the creditors of the Tunisian Government, submitting to them certain proposals for the final settlement of their claims.

The proposals are made by M. Guttieres, the principal broker of Tunis, who negotiated the local Conversions with the Tunisian Government, and who, by his intelligence, local experience, and integrity, enjoys the entire confidence of the public. He was assisted in his arduous task by other gentlemen of the highest respectability, and who, in their quality of residents and creditors, have the greatest interest in bringing about a solution of the existing financial difficulties in a spirit of great liberality, but, at the same time, in a manner satisfactory to the majority of the local Conversionists, to the holders of the so-called French Loans of 1863 and 1865, and advantageous and economical in every point of view to the Tunisian Government.

The main features of the proposed arrangement consist—

1. In a notable reduction of the annuities paid to the local Conversionists, the reduction to represent, in the aggregate, no less than 34 per cent upon the total amount of 40,000,000 francs of the Conversions and floating debt.

2. In the division of the floating debt of 22,000,000 francs, upon which no interest is actually paid, into two categories, with an interest respectively of 6 and 8 per cent. This difference is consequent on the nature and origin of the Treasury bonds themselves.

3. In the unification of the so-called French Loans of 1863 and 1865, at an interest of 6 instead of 7 per cent., the reduction in the amount of their annuities being only 14 per cent., whereas that of the Conversionists is 34 per cent.

According to this scheme the local Conversionists would only continue to receive the proceeds of the pledges and guarantees which they actually possess and administer, but as some of the material pledges assigned to some of the Conversionists would be insufficient to meet the interest due upon them, it is provided that the pledges should revert from one Conversionist to another, in proportion as each is progressively liquidated.

In consideration of the reversion of these material pledges, comprising, for the most part, percents of exportation, the stamp duty, &c., the local Conversionists would relinquish to the Tunisian Government, for its use and benefit, the remainder of their guarantees, amounting to 1,000,000 francs.

The annuities upon the so-called French Loans amount to 8,400,000 francs. By their unification at 6 instead of 7 per cent., and by the extension of the period of their amortization, the annuities would be reduced to 4,800,000 francs, including in this latter sum the interest upon the interest already due upon the two loans, which will be capitalized, as well as the interest upon the sum of 8,000,000 francs, being the amount due by this Government to Messrs. Erlanger and Pinart in account current. By the foregoing combination the annuities upon all the Tunisian debts, inclusive of the floating debt, which will henceforward bear a moderate interest, would amount to only 8,700,000 francs; and the Tunisian Government would therefore, by the release of the 7,500,000 francs, together with its other resources, calculated at some millions, be provided with ample means to meet the ordinary expenses of the administration.

The difference to the Tunisian Government between M. Guttieres' proposals and plan, and the contract with the Comptoir d'Escompte for the forcible unification of Tunisian indebtedness, is too great not to require a few remarks.

The annuity stipulated for by the Comptoir d'Escompte is 9,500,000 francs, for a period of fifty-one years, whereas by the present scheme the annuity would be reduced to 8,700,000 francs, which sum provides also for the amortization of the debts in a period of from fifteen to twenty-five years instead of fifty-one years,—the scheme depending partly upon the nature of the crops. It is calculated, therefore, that, assuming the longest period of twenty-five years for the liquidation of the debts, the saving accruing to the Government would amount to no less than 267,000,000 francs (10,680,000 l.).

Besides this enormous diminution in the debts of the Regency, and its redemption in a far shorter time, the Tunisian Government would also avoid raising the amount of its actual debt of 183,000,000 to 172,000,000 francs, the difference being the commission and other expenses to be paid to the bankers in Paris, who have stipulated to

receive, by a Secret Article of their Contract, their exorbitant remuneration in 36,000 obligations of 500 francs each of the Loans 1863 and 1865, representing altogether 18,000,000 francs (720,000 l.) appertaining to the Tunisian Government, but deposited with the said bankers at the rate only of 200 francs each.

Independently of these considerable and important savings, the Tunisian Government would likewise have the advantage of dealing directly with their local creditors and the resident Trustees of the Conversions, of whose probity and earnest desire to aid them in many trying occasions they have had in the past, as they have at the present moment, so many incontestable proofs.

The great majority of the Bey's local creditors who are acquainted with M. Guttieres' proposals is ready and willing to accept them; and they simply stipulate that, in the event Her Majesty's Government, and those of Italy and France, should also accede to them, that they should instruct their respective Representatives in Tunis to jointly negotiate the arrangement with the Bey by means of an exchange of notes, or in such an official form as will render the arrangement binding, to preclude the possibility of his Government subjecting them in future to other losses by again resorting to subterfuges and bad faith for purposes of spoliation and the appropriation of their capitals. After their unfortunate experience of Tunisian disloyalty, and the utter disregard paid to solemn contracts, their demand to be secured in future against contingencies of the same character must be considered as just and reasonable.

I have respectfully endeavoured to place before your Lordship a succinct analysis of the inclosed document, drawn up with great ability, lucid in all its details, and of great liberality towards the Tunisian Government. My Italian colleague and I have studied with attention the proposed arrangement, and have discussed it in all its bearings with parties who could enlighten us on so intricate a subject, and who are deeply interested in its execution; and our personal opinion is, that it offers a satisfactory solution of the Tunisian financial question: at any rate, it presents proper and practicable bases for an arrangement favourable, under present difficulties, to all parties concerned, but more especially to the holders of the so-called French Loans, for whose benefit the local Conversionists are prepared to abandon guarantees amounting annually to 4,800,000 francs, by which they will reduce the aggregate amount of their annuity by 54 per cent., while they propose to them (the French holders) to agree to the trifling diminution of only 14 per cent upon their annuities.

It is difficult to anticipate the view that the French Government might be disposed to take of a combination that gives satisfaction to the majority of the creditors of the Bey, but should their only object be to obtain greater security for French claims in future, as well as a greater punctuality in the payment of the annuities, and thus terminate a vexatious question, the proposals submitted by M. Guttieres deserve their serious and impartial consideration.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure in No. 286

Appeal to the Bey's Creditors by M. G. Guttieres.

LES considérations que les Commissaires des différentes Conversions ont fait ressortir dans le Mémoire que ces messieurs ont rédigé, en date du 22 Mai, 1869, prouvent tous les dangers qui résulteraient pour l'Etat et pour les créanciers nantis, si le Projet d'Unification des dettes de la Tunisie venait à être réalisé.

Préoccupés du but qu'ils avaient en vue, de sauvegarder les garanties qu'ils possèdent, les auteurs de ce Mémoire n'ont pu entrer dans certains détails, ni proposer un moyen pratique de concilier tous les intérêts compromis.

C'est cette lacune que j'essaierai de remplir.

Intermédiaire officieux entre le Gouvernement et le public pour effectuer les Conversions, me berçais-je en vain de penser que mes conseils seront écoutés et que quelques uns ne les trouveront déplacés dans les difficultés actuelles?

Le public de Tunis me connaît assez pour savoir et juger qu'aucun motif d'intérêt personnel n'entre dans mes vues.

En effet, si j'ose réclamer un instant son attention, dans une affaire de cette importance, c'est uniquement dans un but d'intérêt général, afin de tâcher par mes conseils d'arriver à dégrèver le Gouvernement des frais de commission que l'intervention des banquiers étrangers entraînerait nécessairement, et sans aucune utilité.

Je sais que mon projet doit réveiller maintes susceptibilités, et froisser beaucoup d'intérêts particuliers, mais si je parviens à me faire comprendre, on me saura gré. J'en ai l'espérance, d'avoir indiqué les moyens qu'une longue expérience des affaires du pays me met à même de signaler comme les seuls qui, dans mon opinion, puissent convenir à l'Etat et à ses créanciers, et d'une manière compatible avec la situation actuelle.

II. En laissant le Gouvernement sous le poids des intérêts qu'il s'est obligé à payer, on ne ferait que tarir ses ressources; on le mettrait dans la nécessité de détourner à tout moment les fonds affectés à ses emprunts, et l'on rendrait ainsi évasif et aléatoire tout arrangement qu'on pourrait faire avec lui.

Ce serait en vain qu'on voudrait obvier aux embarras du moment par l'unification des dettes: l'unification ayant pour but d'amalgamer toutes les garanties, en affaiblissant l'importance en faveur de la dette flottante. En effet, la somme actuelle des dettes garanties n'outrepasse pas le chiffre de 120,000,000 de francs; l'unification la ferait élever au chiffre de 154,000,000 de francs; et par suite des frais inhérents à l'opération, elle atteindrait en définitive le chiffre de 172,000,000 de francs grevés des intérêts produits par ces deux additions pour le laps de cinquante-un ans.

D'un autre côté le Gouvernement serait toujours dans la nécessité de pourvoir semestriellement à une somme fixe d'intérêts, sous le poids desquels il devrait infailliblement succomber dès le début.

Car tous ceux qui connaissent la Tunisie savent que les paiements à terme fixe sont impossibles, avec le rouage général qui régit la perception des deniers publics. Pour les rendre praticables, il faudrait commencer par obliger les Chefs Arabes et les Agents du Gouvernement à une ponctualité qui n'est pas dans leurs usages, et qu'ils ne peuvent pas observer en pratique, il faut bien le reconnaître, à cause de l'incertitude des paiements que les contribuables doivent leur faire.

A quoi sert-il donc de se faire des illusions? Une récolte manquée, une année de disette, une dépense imprévue et nécessaire au salut public, déjoueraient tous les calculs, et les créanciers se trouveraient exposés aux mêmes déceptions qui les ont si cruellement frustrés dans le passé. Ces déceptions, il ne faut pas l'oublier, seraient d'autant plus sérieuses que le Gouvernement ne pourrait plus désormais compter sur les ressources qu'il a toujours eues dans l'habitude de se créer sur place, et qui depuis 1863 lui ont permis d'être exact dans les paiements de ses coupons de Paris.

On doit donc remédier à la situation financière du pays par des moyens qui soient en harmonie avec ses ressources ordinaires et tiennent compte des circonstances spéciales dans lesquelles il se trouve placé. Ce n'est pas par des théories plus ou moins ingénieuses, qui mettent la Régence tout à fait en dehors de ses habitudes et de ses moyens, qu'on pourra la sauver: ces tentatives ne pourraient jamais être faites que comme essai et la fortune des créanciers serait constamment mise en jeu.

III. Au milieu de toutes ces perplexités, voyons un peu ce qu'il y aurait de mieux à faire.

D'abord, le Gouvernement doit avant tout respecter religieusement les contrats qu'il a stipulés avec tous ses créanciers; car nulle Convention nouvelle n'inspirerait de confiance si son exécution entraînait la violation d'actes antérieurs.

Pour parvenir à ce but il importe aux Parties Contractantes d'apporter la plus grande attention à l'observation rigoureuse et sans réserve de deux points importants des contrats, savoir:—

1. Que les garanties qui sont réellement et effectivement administrées par les différentes Commissions restent entre leurs mains, au profit de leurs opérations respectives.

2. Que les revenus provenant des garanties purement et simplement affectées aux emprunts 1863 et 1865, soient assurés aux porteurs d'actions, aux termes des contrats passés avec les concessionnaires.

Et pour éviter de nouveaux mécomptes, il faudrait aviser aux moyens les plus convenables d'augmenter le montant de ces revenus, sans diminuer les ressources du Gouvernement.

Je dois, pour résoudre ce problème, m'inspirer de toute la confiance que les créanciers locaux m'ont toujours montrée. Il s'agit en effet de trouver les moyens de faire respecter les engagements que le Gouvernement a pris, et d'en mettre l'exécution future à l'abri de tout doute et de toute atteinte. Il ne faut pas oublier non plus de prendre en considération la situation anormale dans laquelle se trouve le Gouvernement, ni perdre de vue sa conservation à venir.

IV. Chacun conviendra sans peine qu'on ne saurait atteindre ce but sans se faire des concessions mutuelles; et que ces concessions, pour être dans l'intérêt de tous, ne peuvent cesser d'avoir le mérite d'être volontaires.

Je suis si convaincu de ces deux points, que sans cette raison je me garderais bien de toucher à la question brûlante des droits incontestables des Conversions. D'ailleurs, est-il bien sûr qu'on ménage mieux et toujours ses intérêts en n'écoulant que ses droits et rien que ses droits?

Mais il est incontestable, au contraire, que si nous pouvons aider le Gouvernement à se dégager des difficultés momentanées qu'il traverse en ce moment, les droits des créanciers nantis n'en seront que plus affermis et plus réalisables, au moyen des ressources qu'il aura en le temps de demander au sol, après deux ans de disette.

Mes propositions d'ailleurs ne pourraient avoir d'effet sans le consentement des parties intéressées; mais celles-ci ont déjà donné tant de preuves de sagesse et de modération que je serais étonné de ne pas retrouver dans leurs résolutions finales l'esprit de conciliation et de dévouement au bien général que j'ai toujours rencontré en eux, et que je viens invoquer cette fois encore. Pour éviter cependant toute sorte de malentendu, je dois déclarer nettement et une fois pour toutes que mes paroles n'ont d'autre source que mes convictions et mes inspirations personnelles.

V. Avant d'aller plus loin, il ne sera pas inutile de jeter une coup-d'œil sur les Tableaux suivants pour bien saisir ma pensée:—

(A.)—Dettes à l'Etranger

	Francs
Emprunts 1863 et 1865	63,000,000
Coupons échus et amortissement	10,300,000
Total	73,300,000

(B.)—Dette Locale nantie

	Francs
Conversion 2 Mars 1867	12,000,000
1 Août 1867	10,000,000
1 Septembre 1867	10,000,000
1 Janvier 1868	8,000,000
Total	40,000,000

(C.)—Dette Flottante

	Francs
Dette flottante (environ)	22,000,000

(D.)—Garanties affectées et directement administrées par les Commissaires des Conversions

Conversion 2 Mars 1867

Les permis d'exportation de l'huile, de la laine, des dattes, et du savon

Conversion 1 Août 1867

Les droits de timbre et tous les permis d'exportation des produits de la Régence, à l'exception de ceux affectés à la Conversion du 2 Mars 1867, et à celle du 1 Janvier 1868.

Conversion du 1 Janvier 1868.

Les permis d'exportation des bonnets rouges, des tissus de laine, et la taxe dite de la karoubie de la ville de Tunis.

(E.)

Toutes les autres garanties affectées aux différentes Conversions sont de simples délégations sur des Kaïds, des administrations, etc.

Ayant ainsi établi les positions respectives du Gouvernement et de ses créanciers, je propose deux choses:—

1. Que les Conversions du 2 Mars et du 1 Août 1867, et du 1 Janvier 1868, comptent plus désormais que sur les garanties qu'elles possèdent, et que leurs Commissions administreront effectivement eux-mêmes (D).

2. Qu'elles libèrent en faveur du Gouvernement, et dans les proportions que j'indiquerai plus bas, la plupart des revenus provenant des garanties, dont elles n'ont que la simple délégation (E).

Par suite de ces arrangements nouveaux, la Conversion du 2 Mars devrait conserver ses droits d'exportation d'huile, de laine, de dattes, et de savons (D), et renoncer à la délégation de 300,000 francs qu'elle a sur l'administration des tabacs, et celle de 400,000 piastres qu'elle a sur l'octroi (E).

On m'observera avec raison que ces garanties appartiennent aux quatre catégories de la même opération, conclues respectivement le 2 et le 17 Mars, et le 8 Avril, mais comme ces trois contrats n'en forment effectivement qu'un, dont le montant est de 12 000,000, je proposerai d'accorder aux quatre catégories des droits égaux, c'est-à-dire, qu'ils seraient considérés comme une seule catégorie quant au paiement de leurs coupons; elles ne continueraient à être distinctes qu'en ce qui regarde les tirages, qui se suivraient par catégories successives, jusqu'au paiement intégral du capital et des intérêts y relatifs, de la manière originairement stipulée. Il n'y aurait de changement que dans le taux de l'intérêt, car je propose simplement de le réduire, sans toucher tout à fait au montant nominal des obligations, qui resterait nécessairement le même.

Cette réduction, il est vrai, ne saurait être égale envers toutes les classes de titres toutes n'ont pas la même valeur sur place, car elles ne se trouvent pas dans les mêmes conditions. La Conversion du 2 Mars, 1867, garantie comme elle est par les permis d'exportation de l'huile, de la laine, des dattes, et du savon, a cet avantage, qu'elle doit être remboursée avant les autres par la voie des tirages. La faveur du pabac a été principalement basée sur ce fait, et sur cet autre, que par suite des stipulations qui la régissent, ses garanties sont directement administrées par ses commissaires. On voit bien, par cela même sa position exceptionnelle, jouissant de 12 pour cent, assurés sur toutes honnêtes garanties, toute déduction d'intérêts à laquelle les porteurs pourraient consentir serait un sacrifice plus réel et plus sensible que ceux que je vais conseiller aux autres créanciers en général. Je propose donc que les obligataires de la Conversion du 2 Mars, 1867, veuillent bien se contenter du 9 pour cent. J'indiquerai tout à l'heure l'usage qui devrait être fait des 300,000 francs provenant de l'économie que cette réduction opérerait.

Ayant franchi jusqu'à ce point les limites de l'indulgence des porteurs, je continuerai mes propositions aux autres Conversions, et je leur dirai : l'ontez l'exemple de la générosité que j'ai consacrée à celle du 2 Mars. Vous aussi vous possédez des garanties que vous administrez efficacement (D). Ce sont le timbre et tous les droits de sortie qui ne se trouvent pas affectés à la Conversion du 2 Mars, 1867 : je suis loin de vouloir y toucher; et il est bien entendu que vous devez les conserver jusqu'au paiement intégral de vos capitaux et des intérêts respectifs.

Mais la Conversion du 1 Août possède une masse de revenus à titre de simple délégation (E), dont 12 pour cent l'an doivent servir à payer les intérêts, et 12 pour cent l'an pour l'amortissement du capital, de manière à être soldée dans le laps de six ans; ces délégations deviendraient superflues si les porteurs consentaient à la proposition que je vais leur faire. C'est celle de réduire les intérêts à 8 pour cent, et de mettre le Gouvernement à son aise en l'autorisant à disposer de l'excédant.

Quant à la Conversion du 1 Septembre, comme toutes ses garanties sont de simples délégations, elle ne pourrait évidemment les libérer en totalité. Mais ces délégations montent à 1,800,000 francs, qui doivent servir à payer 12 pour cent d'intérêt et 6 pour cent d'amortissement chaque année. Elle pourrait en céder 1,200,000 francs en faveur du Gouvernement, car 600,000 seraient suffisants au paiement de son intérêt à réduire à 6 pour cent.

Mais la Conversion du 1 Janvier, 1868, viendrait à se trouver de beaucoup affaiblie en renonçant aux délégations qu'elle possède; car elle n'administre effectivement (D) que les droits de sortie des bonnets rouges, des tissus de laine, et la taxe dite de la "karouche" de la ville de Tunis, qui s'élève à 120,000 francs, et en renonçant à ses délégations elle abandonnerait la somme de 840,000 francs. Ce ne serait donc que just ce de ne lui laisser par ses 300,000 francs que j'ai proposé d'économiser sur les intérêts de la Conversion du 2 Mars, 1867, avec laquelle d'ailleurs elle se trouve déjà en rapport. Quant aux garanties de son capital. Ces 360,000 francs, avec les 120,000 francs des garanties qu'elle administre, viendraient à former la somme de 480,000 francs annuels, nécessaires au paiement de ses coupons à réduire aussi à 6 pour cent.

Voici, il me semble, ce que ma proposition pourrait avoir de pratique par rapport aux relations des deux Conversions entre elles si ces arrangements avaient lieu. Les Commissaires du 2 Mars devraient toujours continuer à percevoir leur 6 pour cent d'intérêts chaque semestre aux termes de leurs contrats, mais il y aurait ce changement quant à la manière de disposer de ce fonds, toutes les fois qu'ils l'encaisseraient. Qu'ils devraient payer 4½ pour cent à leurs obligataires, de sorte que chaque coupon de 30 francs serait considéré valable 22 francs 50 centimes, et les 1½ pour cent restants, ou soit 7 francs

50 centimes par coupon, seraient versés entre les mains des Commissaires du 1 Janvier, 1868, pour le service de leur propre intérêt. Ces arrangements n'altéreraient en rien les conditions relatives aux tirages, &c., qui continueraient à être les mêmes que celles originairement stipulées.

Mais on me fera observer avec raison, qu'en proposant toutes ces réformes, je n'ai pas encore indiqué les moyens d'amortir les capitaux. La meilleure marche à tenir, est celle de prendre les Conversions une à une dans leur ordre naturel.

VI. 1. La Conversion du 2 Mars continuerait comme auparavant à puiser son fonds d'intérêt et d'amortissement dans la vente des permis d'exportation de l'huile, de la laine, des dattes, et du savon, à l'égard desquels seulement les Conventions stipulées par ses contrats du 2 et 17 Mars et 8 Avril, 1867, resteraient en vigueur, à l'exclusion des 300,000 francs et des 400,000 piastres qu'elle céderait par suite des nouveaux arrangements que je propose.

2. Après l'extinction totale des 12,000,000 francs de la première Conversion et des intérêts y relatifs, ses Commissaires doivent nécessairement remplir les engagements qu'ils ont pris envers la Conversion du 1 Janvier, 1868, par ordre du Gouvernement, et reverser à celle-ci tous les permis d'exportation qui doivent servir à l'amortissement de leur capital et de leurs intérêts. Cette arrangement ne présenterait aucune innovation, puisqu'il est établi par les contrats qui régissent la Conversion du 1 Janvier, 1868, et que le Gouvernement a en outre déposé un certain nombre de permis d'exportation pour en assurer l'exécution.

3. Mais comme par suite des mesures proposées, les garanties des capitaux des Conversions du 1 Août et du 1 Septembre, 1867, resteraient affaiblies, je propose, qu'après le paiement intégral de la Conversion du 1 Janvier, 1868, les permis d'exportation doivent passer successivement à garantir les 10,000,000 francs de la Conversion du 1 Août, et ensuite les autres 10,000,000 francs de la Conversion du 1 Septembre. Le Gouvernement devrait naturellement déposer entre les mains des Commissaires de la première Conversion une quantité de permis suffisants à couvrir le montant de ces deux capitaux, comme il a fait pour celle du 1 Janvier.

VII. Resterait la dette flottante; et pour celle-là, quiconque connaît les affaires de Tunis conviendra sans hésitation qu'on peut en faire deux séries :

La première celle des teskerés des aqueducs, de denrées et d'argent, appartenant à ceux qui ne voulurent pas prendre part aux Conversions, et les teskerés dites triennales;

La deuxième serait celle des teskerés émis à des conditions que le risque de la créance pourrait seul justifier.

Le total de ces deux séries est calculé à 22,000,000 francs.

Il est cependant d'un intérêt général d'établir une fois pour toutes le sort de cette dette flottante; et ayant indiqué les permis d'exportation comme une garantie efficace des capitaux des Conversions faites à la suite de celle du 2 Mars, il est bien naturel que la dette flottante soit arrangée sur la même base. Il y a tout au plus 4,000,000 à 5,000,000 francs appartenant à la première série, et on ne saurait leur refuser la jouissance d'un intérêt de 8 pour cent. Pour le reste, appartenant à la deuxième série, on pourrait bien lui assigner 5 pour cent.

VIII. Je ne me dissimule pas, je le répète, toute la gravité des propositions que je fais aux Conversions.

J'ai dit à celle du 2 Mars, Renoncez au quart, et aux autres Conversions, à la moitié des intérêts que vous recevez.

J'ai dit aux porteurs des titres flottants de la première série, de se soumettre aux mêmes conditions que les créanciers nantis. Ma proposition tend à les garantir eux aussi, et à les faire sortir des rangs de ceux qui seraient bien traités en recevant 3 pour cent.

J'ai dit à la première Conversion de renoncer à deux délégations qui montent à 550,000 francs.

J'ai dit aux autres Conversions de renoncer à la plupart des garanties qu'elles possèdent par délégations.

Ce n'est qu'au prix de ces sacrifices que mon projet pourrait s'effectuer; car je ne dois perdre de vue ni les dépenses ordinaires du Gouvernement, ni ses engagements de Paris.

Ces réductions, et les revenus qu'on viendrait ainsi à mettre à la disposition du Gouvernement, deviendraient d'autant plus précieux que si j'avais la confiance des porteurs de Paris, comme j'ai celle des créanciers de Tunis, je leur conseillerais de consentir à recevoir 6 au lieu de 7 pour cent.

Qu'ils ne se méprennent pas sur la portée de mes paroles. S'ils examinent avec

General Menabrea to M. Pinar.—(Communicated to the Earl of Clarendon by Count Maffei, June 18.)

Florence, le 11 Juin, 1869.

JE puis enfin vous apprendre que les Cabinets de Florence, de Londres, et de Paris se sont mis d'accord sur la conduite qu'ils se proposent respectivement de suivre en ce qui concerne les réformes de l'administration des finances Tunisiennes.

Vous n'avez certainement pas oublié, M. le Chevalier, qu'à la suite des protestations que nous avons faites contre le Décret du 4 Avril, 1868 le Gouvernement Français a déclaré qu'il était prêt à examiner avec l'Angleterre en quoi ce Décret pouvait léser nos nationaux. Les longues négociations qui ont suivi cette déclaration entre les Cabinets principalement intéressés, et qui vous sont connues dans tous leurs détails, ont abouti à un résultat favorable.

Le Gouvernement Français nous a fait connaître son intention de demander au Bey la promulgation d'un Décret qui, tout en rappelant celui du 4 Avril, contient des modifications dont nous avons apprécié la portée et la valeur.

Vous trouverez ci-joint une copie de ce projet de Décret.

Connaissant déjà parfaitement les vues du Gouvernement du Roi, vous ne pouvez pas ignorer notre manière d'envisager l'institution d'un Comité Exécutif des Finances Tunisiennes. Son Altesse le Bey pourra prendre à ce sujet telle mesure qu'il jugera utile, et appeler à la haute direction financière de ses Etats les personnes qu'il jugera les plus aptes, sans que nous ayons à nous préoccuper d'une mesure qui nous considérerons comme ayant un caractère exclusivement intérieur. A nos yeux la responsabilité pleine et entière du Gouvernement Tunisien envers les Puissances ne peut pas être diminuée par le choix que le Bey ferait à l'étranger des administrateurs de ses finances. Nous faisons donc toutes nos réserves sur les conséquences qui pourraient dériver ou que l'on voudrait déduire de ce fait.

Mais il y a une partie des mesures que le Bey devrait adopter qui mérite tout notre appui et toute notre attention. Vous comprenez que je vous parle ici de l'institution d'un Comité de Contrôle composé de six membres, dont deux Italiens, deux Français, et deux Anglais, choisis par les porteurs des titres des emprunts et des conversions de l'Etat Tunisien.

La façon dont cette Commission sera instituée, et dont son fonctionnement sera réglé, doit former l'objet de vos plus vives sollicitudes. Les dispositions contenues dans les Articles du Projet de Décret que je vous transmits avec cette dépêche sont satisfaisantes sous bien des rapports. Le Gouvernement de Tunis doit comprendre que plus le Comité de Contrôle exercera une action sérieuse et efficace, moins il y aura de risques d'abus et de traitement inégal pour les intérêts privés, moins il y aura de danger que l'indépendance de la Tunisie dans les affaires relatives aux finances de ses Etats soit exposée à des influences exclusives ou prépondérantes.

C'est pourquoi nous pensons que le Gouvernement du Bey n'apportera aucune interprétation restrictive à la formule par laquelle il est établi dans l'Article II du Décret que "le Comité de Contrôle connaîtra de toutes les opérations du Comité Exécutif, et que son approbation sera nécessaire pour donner un caractère exécutoire aux mesures d'intérêt général délibérées par le Comité Exécutif".

Cette formule générale comprend, et devrait en effet comprendre non seulement toutes les opérations indiquées dans les Articles du Décret, mais aussi les opérations de conversion ou liquidation de la dette existante, ainsi que toutes les autres qui pourraient modifier les conditions des contrats antérieurement stipulés par le Gouvernement du Bey avec des créanciers étrangers.

Nous entendons en outre que dans la composition du Comité de Contrôle et dans son fonctionnement il soit tenu compte, autant que la justice et l'équité peuvent le demander, des droits des créanciers de la Régence qui ne sont pas munis de titres de la dette consolidée, et des intérêts Italiens engagés dans le commerce ou l'industrie de la Tunisie, droits et intérêts au sujet desquels nous formulons dès à présent, et en attendant l'expérience, les plus amples réserves.

C'est dans ce sens, et en vous priant de tenir scrupuleusement compte des considérations que je viens de vous exposer, que je vous autorise, M. le Chevalier, à prêter tout votre concours afin que le Décret que son Altesse le Bey promulguera puisse avoir les meilleurs résultats possibles.

Vous voudrez bien communiquer les instructions au Gouvernement de son Altesse le Bey, et vous demanderez qu'il vous soit donné acte de cette communication.

Agrées, &c.
(Signé) MENABREA

General Menabrea to Chevalier Nigra.—(Communicated to the Earl of Clarendon by Count Maffei, June 18.)

Florence, le 11 Juin, 1869.

M. le Ministre,
LE projet de Décret modifié qui vous avait été communiqué par le Ministère Impérial des Affaires Etrangères, et que vous m'avez transmis, pour l'institution d'une Commission de Finance à Tunis, a été de notre part l'objet d'un examen approfondi.

D'après ce que vous m'avez écrit le 20 Mai dernier, ce projet de Décret sera destiné, dans la presse du Gouvernement Impérial, à être proposé au Bey de Tunis afin que Son Altesse puisse le revêtir de la forme requise pour les lois intérieures de ses Etats. Le Cabinet des Affaires Etrangères se proposait en outre de donner à son Agent et Consul Général à Tunis des instructions destinées à lui prescrire les démarches à faire pour obtenir la promulgation du nouveau Décret et à expliquer le sens de la mesure à prendre.

Nous avons hautement apprécié les sentiments d'équité et l'esprit de conciliation qui ont conduit au Gouvernement Impérial à nous faire parvenir ces communications importantes. En agissant des deux côtés aussi ouvertement que possible, et se communiquant réciproquement leurs idées, les Cabinets de Florence et de Paris parviendront, je l'espère, à établir dans cette affaire un accord complet et une identité de vues qui seront certainement les meilleures garanties pour tous les intérêts étrangers dans la Régence. Les modifications portées au Décret du 4 Avril, 1868, sont d'ailleurs un gage assuré de cet esprit de conciliation dont nous nous sommes si bien pénétrés et accepté il que le premier Décret du Bey fut signé, en considération de la présentation de Gouvernement Impérial qu'il était prêt à examiner sans retard, d'accord avec nous et avec l'Angleterre, et pour les dispositions de ce Décret devant être modifiées dans l'intérêt de nos nationaux. Vous pouvez vous en rendre compte, M. le Ministre, que le Gouvernement du Roi ne tiendra de toute opposition contre la promulgation du nouveau Décret que le Gouvernement Français présentera au Bey de Tunis.

Nous nous proposons même d'appuyer efficacement la partie du Décret concernant l'institution d'un Comité de Contrôle et dans les instructions que nous adresserons à l'Agent et Consul Général du Roi à Tunis nous nous appliquerons à bien préciser le sens et la portée des dispositions dont nous conseillerons volontiers au Bey l'adoption.

Son Excellence M. le Ministre des Affaires Etrangères de Sa Majesté l'Empereur comprendra facilement que notre point de vue sur cette affaire est tout autre que celui du Cabinet des Affaires Etrangères, nos instructions ne sauraient être les mêmes que celles qui se proposent de donner à son Agent et Consul Général à Tunis; mais nous sommes convaincus que l'examen de ces instructions, dont vous voudrez bien donner communication à son Excellence M. le Marquis de Lavalette, le persuadera de notre intention à l'égard de ce que le nouveau Décret du Bey ait les meilleurs résultats possibles.

Agrées, &c.
Signé T. F. MENABREA

Mr. Wood to the Earl of Clarendon.—(Received June 20.)

(No. 21)
My Lord,

Tunis, June 12, 1869.

I DEEM it a duty to respectfully inform your Lordship that having anxiously watched the impression produced upon the Tunisian Government by the new Protests I was distressed to perceive that in the name of Her Majesty's Government, I have not observed any symptoms of an intention to yield to the demands of Great Britain and Italy to desist from inflicting ruin upon British and Italian subjects by the execution of the Bey's arbitrary Decree.

This resistance appears the more unaccountable since it is unusual with the Bey to disregard the wishes of Her Majesty's Government, and M. Pinar and I, and indeed I myself, the necessity of our relations with the Bey and his Government of moral support from high quarters that tend to encourage the Bey and his Prime Minister to overlook our reiterated remonstrances until the 1st of July at which time the Decree will come into operation, when their supporters will come forward with the argument that its execution has become an accomplished fact, and must be accepted accordingly.

Besides the pernicious effect that these moral influences exercise upon the mind
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of the Bey, the undertakers and abettors of the forcible unification are incited to redouble their efforts in having it carried out by the prospect of important pecuniary considerations. Although in M Pinard's contract the commission is stated to be 2½ per cent., yet, pursuant to a secret Article, the Tunisian Government has consented to abandon to him and his coadjutors no less than 30,000 obligations at 500 francs each, representing 15,000,000 francs (720,000*l.*), but which these gentlemen only agree to receive at 200 francs each, or for about 7,200,000 francs (288,000*l.*) on the plea that the scrip of 500 francs nominal of the forcible unification will only be worth and marketable at 200 francs. My information on this subject is authentic; and neither the Bey nor his Minister ventured to contradict it when I brought it forward as an argument against their persistence in a course so ruinous to themselves and others.

It may not be out of place to remark here that the Comptoir d'Escompte and its associates have so little confidence in their own operation that they will only consent to take the paper of the forcible unification at 200 instead of 500 francs, thereby admitting that the immediate loss to the British and Italian creditors of the Regency will be 60 per cent. upon their capitals. From this fact alone may be a guess the vicissitudes to which their fortunes will be subjected in a very short space of time.

With so large an amount of money at his disposal M Pinard has found no difficulty in assigning considerable sums of money to parties not unknown as a remuneration for their trouble in abetting his scheme, in support of which he has likewise obtained the services of a portion of the French press.

With a view to fathom the intentions of the Prime Minister, I have advised M. Guttieres and other gentlemen to submit to him, in a confidential form, the proposals for the arrangement of the Tunisian financial difficulties which I had the honour to lay before your Lordship in my preceding despatch; but, strange to say, his Excellency manifested no disposition whatsoever to accept an arrangement presenting such notable advantages, and from the frank adoption of which the Tunisian Government would save and economize upwards of 270,000,000 francs (10,800,000*l.*)

This circumstance alone, irrespective of others, justifies the supposition that the Minister is deeply engaged, and is well supported in his scheme of spoliation in regard, however, to the local British and Italian creditors in general, but not in regard to the other creditors abroad, in whose behalf his Excellency appears prepared to sacrifice them at any risk, even against the opinion of the Bey, who would act more fairly towards them were he less under the control and influence of his resolute adviser.

The same test was employed to elicit the views and policy of the French Chargé d'Affaires, but he requested time for reflection before he pronounced an opinion on the projected arrangement. M. de Botmilieu stated, however, with frankness, that as a Convention existed between the Bey and France for the establishment of a Financial Commission, he was desirous that nothing should intervene to interfere with the organization of the said Commission, and that consequently he would only submit the proposals of M. Guttieres to his Government in ten days hence. This admission explains to some extent his attitude of reserve, enjoined by his instructions, with respect to the Bey's Decree, but which reserve, it is greatly to be apprehended, will continue until the 1st of July, the date fixed for the coming into operation of the arbitrary Decree, cancelling previous contracts, and withdrawing the material securities and pledges that have been assigned to Her Majesty's subjects.

It is in view of such a contingency that I respectfully venture to solicit your Lordship's instructions as to the line of conduct it will be deemed expedient for me to pursue.

I have failed in my personal endeavours to persuade the French Chargé d'Affaires to take a favourable and unbiased view of the proposal submitted to him by M. Guttieres. He does not entirely reject them, but makes objections which betray one sole idea and aspiration, namely, a unification of all the Tunisian debts by French bankers, the guarantees to be under the control of a Financial Commission in which the French element is to predominate, and the revenues forming those guarantees to be administered by French officials. In short, the extinction of British and Italian interests in the Regency by their amalgamation with French, to be henceforward under the guardianship and surveillance of France.

In order to attain so desirable a political object, M. de Botmilieu has religiously abstained, in virtue of his instruction, from denouncing the Bey's Decree, in the strong expectation that while it is allowed to exist, his Government will have a fair chance of obtaining concessions from Great Britain and Italy with reference to the organization of the projected Financial Commission. No attempt is even made to answer the argument as to whether the French Government is prepared to legalize the

Bey's arbitrary arrangement, founded on bad faith, by permitting the forced unification to be quoted in the Exchange of Paris, when it possesses the power by law to prevent it, and thus put a stop to a question involving a dangerous principle, which, if once admitted, might be availed of by other Governments, equally as unscrupulous as that of Tunis, for spoliating their creditors under disguised but convenient forms.

Such, my Lord, is the position of affairs in Tunis. With little hope of being able to procure the cooperation of my French colleague together with various other circumstances which require no comment, it is reasonable to apprehend that on the 1st of July the Tunisian Government will be either encouraged or compelled to make a strenuous effort to enforce its arbitrary act. Accustomed heretofore, like the other Barbary States, to scour the seas with its corsairs, it experiences no scruple or remorse whatsoever to commit on shore the acts of spoliation which it can no longer commit with impunity on its former element. And it will, therefore, remain with Her Majesty's Government to decide whether, in the event it should recklessly persevere, it would not be expedient to check the career of ruin and disaster by placing the British interests now so seriously compromised, under the protection of the Commander-in-Chief of Her Majesty's Forces in the Mediterranean, or to make a declaration to that effect to His Highness the Bey.

I am, &c
(Signed) RICHARD WOOD

No. 200

The Earl of Clarendon to Lord Lyons.

(No. 606)

My Lord,

Foreign Office, June 21, 1869.

I ENCLOSE herewith a copy of the proposals for the settlement of the claims of the creditors of the Tunisian Government enclosed in Mr Wood's despatch No. 23 of the 8th instant,* of which a copy is already in your Excellency's hands; and I have to instruct you to ask the French Government their opinion on this scheme.

You will return the paper to the Foreign Office when done with.

I am, &c
(Signed) CLARENDON.

No. 201

The Earl of Clarendon to Lord Lyons.

(No. 607)

My Lord,

Foreign Office, June 21, 1869.

I SHOULD wish to have your Excellency's opinion on Mr. Wood's despatch No. 24 of the 12th instant, copy of which is already in your hands, reporting the unsatisfactory position of affairs at Tunis, and requesting instructions as to the course he should pursue in case the Bey persists in carrying out his Decree.

I am, &c
(Signed) CLARENDON

No. 202

The Earl of Clarendon to Lord Lyons.†

(No. 609. Confidential.)

My Lord,

Foreign Office, June 21, 1869.

COUNT MAPPEI communicated to me, confidentially, on the 18th instant copies of two despatches from General Menabron, the one to the Italian Minister at Paris, and the other to the Italian Consul-General at Tunis. I enclose copies of these papers for your information.

On the following day Count Maffei called upon me, and by order of General Menabron entered upon various matters connected with the Financial Commission to be established at Tunis, raising in regard to it divers questions, and making sundry reserves on the part of his Government.

* Enclosure to No. 266.

† A similar despatch was addressed to Sir A. Paget.
J Nos. 267 and 268.

I told Count Maffei that, at the point to which matters had advanced, I was not prepared to discuss these matters with him, and I did not conceal from him my regret at the course not taken by General Menabrea, who, however, I said, must follow his own line.

I am, &c.
(Signed) CLARENDON

No. 293.

Sir A. Paget to the Earl of Clarendon.—(Received June 22.)

(No. 208.)

My Lord,

Florence, June 18, 1869.

COUNT MENABREA being absent from Florence, I have, in compliance with the instructions contained in your Lordship's despatch No. 92 of the 4th instant, communicated to M. Blanc, the Director-General of the Foreign Department, the substance of your Lordship's despatch No. 14 of the 4th instant, to Mr. Wood, in the form of which I have the honour to inclose a copy, and I told M. Blanc that I was instructed to express the hope that the Italian Government would send instructions in a similar sense to their Consul-General at Tunis.

M. Blanc said that the Italian Government entirely shared the opinion of Her Majesty's Government as to the desirableness of the Commissions proceeding on the principle of effecting a fair and equitable arrangement as regards the interests of all parties concerned, and not seeking to promote those of one party in preference to those of another, consequently M. Blanc said he thought he could give me the assurance that instructions to this effect, but probably more detailed, would be sent to the Italian Consul-General.

M. Blanc added, however, that the Italian Government felt it necessary to be reserved in regard to the Executive Commission, for two reasons: first, because they had never yet been able to obtain an assurance from the French Government as to the principle of effecting a fair and equitable arrangement as regards the interests of all parties concerned, and not seeking to promote those of one party in preference to those of another, consequently M. Blanc said he thought he could give me the assurance that instructions to this effect, but probably more detailed, would be sent to the Italian Consul-General.

I told M. Blanc, in reply, that on the first point I was under the impression that the French Government had long since given satisfaction to Her Majesty's Government, and I believe also to the Italian Government, and that as regards the second, it was of course understood that all classes of credits would come under the examination of the Executive Section. I added that I was sure Her Majesty's Government would greatly deprecate any course on the part of the Italian Government which would tend to show disunion between the Powers concerned, or which should tend to retard the accomplishment of the work of the Commission.

M. Blanc replied that whatever explanations might have been given to Her Majesty's Government by that of France upon the points named, they had always been absolutely refused to the Italian Government, and so long as they were withheld, the Italian Government must adhere to its reserves in regard to the Executive Section.

They did not intend to offer any opposition to the promulgation of the Decree, but they could not take any part in urging its promulgation until they received from the French Government the assurances that they had sought for. They considered that the Executive Section of the Commission should be purely and entirely Tunisian in its character, and that no step should be taken by the other Powers which should give to France a recognized right of administering for the future the Tunisian finances by one of her functionaries; and further that it was necessary that the Executive Commission should take account of the rights of all the creditors of the Regency, whether or not they possessed "titres" of the consolidated debt. On the other hand, they were quite prepared to support the part of the Decree concerning the institution of an International Committee of Control.

I quoted, in reply, from Lord Lyons' despatches to show how the action of the Executive Section would be counterbalanced by the Controlling Section of the Commission, pointing out that Her Majesty's Government were quite as much interested as the Italian Government in an equitable arrangement for all parties being arrived at, and that Her Majesty's Government had agreed to advise the promulgation of the Decree as it stood.

M. Blanc replied, that the position of the Italian creditors was somewhat different

from that of the British creditors; and he added that full explanations had recently been despatched to London for communication to your Lordship, and he felt sure your Lordship would think the reserves of the Italian Government were perfectly correct.

I have, &c.
(Signed) A. PAGET

Inclosure in No. 293.

Substance of a Despatch from the Earl of Clarendon to Mr. Wood, dated June 4, 1869.

LORD CLARENDON incloses a copy of a draft of a Decree which has been drawn up at Paris, in concert with Her Majesty's Government, and which the Bey of Tunis is to be moved to promulgate, for setting on foot the proposed Financial Commissions.

Her Majesty's Government consider that it is very important that the Commissions should proceed on the principle of effecting a fair and equitable arrangement as regards the interests of all parties concerned, and should not seek to promote those of one party in preference to those of another.

Her Majesty's Government consider, moreover, that the best practical security for the English and Italian creditors will be found in making their interests identical with those of France, and they deprecate the idea of any one Power acting independently of the others in regard to the matters which are now to be entrusted to Commissions appointed by the common consent of all.

No. 294.

Sir A. Paget to the Earl of Clarendon.—(Received June 22.)

No. 211 (Confidential)

My Lord,

Florence, June 18, 1869.

WITH reference to my despatch No. 208 of this day, I have the honour to inclose a copy of a confidential note which I have just received from M. Blanc, inclosing, amongst other documents, a copy of an instruction addressed to the Italian Agent and Consul-General at Tunis, on the 11th instant relative to the Decree to be acted by the Bey. I inclose a copy of this instruction, although it may possibly have reached your Lordship through the Italian Chargé d'Affaires in London.

It is clearly described the position which the Italian Government now occupies in regard to the matter in question.

I likewise inclose a copy of my reply to M. Blanc, which I trust may meet your Lordship's approval.

I have, &c.
(Signed) A. PAGET

Inclosure 1 in No. 294.

M. Blanc to Sir A. Paget

(Confidentielle)

M. le Ministre,

Ministère des Affaires Étrangères, le 18 Juin, 1869.

VOICI des documents qui vous permettront de juger pleinement de la situation. J'arome qu'il me paraît difficile que nos réserves, si naturelles, si conformes au maintien du statu quo politique et à l'équitable garantie de tous les intérêts, ne soient pas au fond dans la pensée du Gouvernement britannique. Si, en est ainsi, comme vos paroles de ce matin ont paru le donner à entendre, je ne crois pas que le Gouvernement du Roi ait des difficultés à s'associer purement et simplement aux instructions que vous avez bien voulu me communiquer, destinées à votre Agent à Tunis. Mais je puis vous dire que le Comte Menabrea croit nécessaire de demander à votre Gouvernement si et quelles objections de fond l'Angleterre a à opposer à nos principes, qui sont

Que la Commission Executive ne recevra d'autorité que du Bey et n'aura qu'un caractère Tunisien, et qu'il n'est pas admissible que, par une demande formelle (au lieu d'une simple acceptation postérieure) faite par les trois Puissances pour la promulgation

du Décret, la France obtienne le droit reconnu de faire dorénavant administrer les finances de la Régence par un de ses fonctionnaires,

Que l'arrangement juste et équitable pour les droits de tous les intéressés, but de l'institution de la Commission Exécutive, soit s'entendre dans le sens qu'il sera tenu compte autant que la justice et l'équité pourront le demander, des droits des créanciers de la Régence sans distinction, nans ou non munis de titres de la dette consolidée.

J'ai cru devoir vous soumettre ces éclaircissements, M. le Ministre, le Comte Menabrea ne devant être de retour qu'après le départ de votre courrier

Veuillez, &c.
(Signé) BLANC

Inclosure 2 in No. 294.

General Menabrea to M. Pinna, June 11, 1867

See No. 287

Inclosure 3 in No. 294.

Sir A. Paget to M. Blanc

(Particulière)

Mon cher Monsieur,

Florence, ce 18 Juin, 1869.

JE vous remercie de la communication que vous avez bien voulu me faire des documents sur les affaires de Tunis qui accompagnent votre lettre.

Mon Gouvernement n'a jamais eu d'autre but ni désir, comme il a été constamment constaté dans le cours des négociations, que d'arriver à un arrangement équitable qui ferait droit à tous les intérêts, et je n'hésite pas à vous confirmer ce que je vous ai dit ce matin, qu'en acceptant le Décret tel qu'il est rédigé actuellement, mon Gouvernement est d'avis que tous les intérêts sont sauvegardés.

Pouvons-nous donc espérer que le Gouvernement Italien s'associera purement et simplement aux instructions données à notre Agent et Consul Général à Tunis que j'ai eu le plaisir de vous communiquer?

Veuillez agréer, mon cher Monsieur, avec mes remerciements réitérés pour les documents sur les affaires d'Orient que vous me promettez, &c.

(Signed) A. PAGET

No. 295

Sir A. Paget to the Earl of Clarendon.—(Received June 23.)

(No. 214.)

My Lord,

Florence, June 19, 1869

AMONGST the documents sent to me confidentially yesterday afternoon by M. Blanc, but which I had not time to go through completely before the closing of the bag, there was a further instruction to the Italian Consul-General in Tunis, dated the 11th instant, of which I have the honour to inclose an extract and translation, and from which your Lordship will see that the fact of the Italian Government "having adopted an attitude somewhat different from that of the French Government with reference to the proposed new Decree, is not to be used as a motive either by the Bey or his Government for refusing to promulgate the Decree," and that the Consul-General has orders to allow no illusions to exist in the mind of the Bey or his Government for refusing to promulgate the Decree, and to inform them that the reserves of the Italian Government are solely intended to preserve the rights and interests of Italian citizens against inconveniences which might arise hereafter.

I transmit likewise an extract of a despatch, dated the 13th instant, in which M. Nigra is instructed to give explanations in this sense to the Marquis de Lavalette.

I have, &c.
(Signed) A. PAGET

Inclosure 1 in No. 295

General Menabrea to M. Pinna.

Florence, 11 Giugno, 1869.

(Extract.)

ED anzi tutto deve rimanere fuori di dubbio per vostra Signoria che lo avere noi preso un contegno alquanto diverso da quello della Francia di fronte al progettato nuovo Decreto, non può essere motivo o pretesto per il Bey ed il suo Governo di recusare la promulgazione del Decreto nella sua ultima forma convenuta. A questo riguardo ella non deve lasciare nell'animo del Bey e dei suoi Ministri alcuna illusione. Le riserve che facciamo e delle quali chiediamo al Bardo che ci dia atto, sono unicamente dirette a preservare i diritti e gli interessi dei nostri concittadini contro gli inconvenienti che potrebbero sorgere in avvenire.

(Translation.)

Florence, June 11, 1869

(Extract.)

AND, above all, it must remain beyond doubt for you that the fact of our having adopted a course somewhat different from that of France in regard to the new projected Decree cannot be a motive or pretext for the Bey and his Government to refuse the promulgation of the Decree in the form last agreed upon. On this point you must leave no illusion in the minds of the Bey and of his Ministers. The reserves which we make, and of which we request the Bey to take cognizance are solely directed towards preserving the rights and interests of our countrymen against inconveniences which may arise in future.

Inclosure 2 in No. 295

General Menabrea to M. Nigra

Florence, 13 Giugno, 1869.

(Extract.)

IL Governo Imperiale può essere convinto che noi agiamo colla massima franchezza in questo affare, e qualunque tentativo del Bey o del suo Governo per dare a nostra condotta una diversa interpretazione, o per prenderne pretesti per recusare in promulgazione del Decreto non troverà alcun appoggio da nostra parte. Ma il Gabinetto delle Tuileries non vorrà certo contestarci il diritto di vedere nel Decreto che egli avrà suggerito al Bey un atto che mana da quest'ultimo, e quindi la libertà in noi di procedere nei nostri rapporti col Bardo la nuova situazione di cose che la promulgazione del Decreto avrà per effetto di creare. Pregho vostra Signoria di far osservare a Sua Eccellenza il Marchese di Lavalette che questo è il senso dell'istruzione che abbiamo spedite a Tunisi.

(Translation.)

Florence, June 13, 1869

(Extract.)

THE Imperial Government may be convinced that we are acting with the greatest frankness in this matter, and any attempt whatever of the Bey or of his Government to give a different interpretation to our conduct, or to derive from it pretexts for refusing the promulgation of the Decree, will be unsupported by us; but the Cabinet of the Tuileries will not, I think, dispute our right to regard the Decree which it has suggested to the Bey as an act emanating from the latter, and consequently our right to define in our relations with the Bey the new position of affairs which will be created by the promulgation of the Decree. I beg you to observe to the Marquis de Lavalette that this is the sense of the instructions which we have sent to Tunis.

No. 296

The Earl of Clarendon to Sir A. Paget

(No. 109.)

Sir,

Foreign Office June 23, 1869

I HAVE received your despatches Nos. 208 and 211 of the 18th and 19th of June, reporting your communications with the Italian Government respecting the Tunisian Finance Commission; and I have to acquaint you that Her Majesty's Government entirely approve the language that you held, as reported in those despatches.

If Count Maffei has correctly reported that the Government at which I sent the letter on the 10th instant, they will have learned by this time that Her Majesty's Government

dissented altogether from the reserves which the Italian Government were disposed to make.

I was informed, however, yesterday by the French Ambassador that the Italian Government had agreed without reserve to the arrangements proposed by the English and French Governments.

I have received this morning your despatch No. 214 of the 19th instant and its inclosures, explaining the nature of the Italian reserves, and that they were not intended to influence the Bey to refuse the promulgation of the Decree.

I am, &c.
(Signed) CLARENDON.

No. 207

The Earl of Clarendon to Lord Lyons.

(No. 618.)

My Lord,

THE following passages occur in Sir Augustus Paget's despatch No. 208 of the 18th June, of which a copy is in your archives:—

"M. Blanc added, however, that the Italian Government felt it necessary to be reserved in regard to the Executive Commission for two reasons. First, because they had never yet been able to obtain an assurance from the French Government as to the French Financier not being invested with official authority from the French Government; and further on M. Blanc replied that whatever explanations might have been given to Her Majesty's Government by that of France upon the points named, they had always been absolutely refused to the Italian Government, and so long as they were withheld, the Italian Government must adhere to its reserves in regard to the Executive Section."

I should be glad to receive from your Excellency some information in regard to these statements.

I take this opportunity to transmit to you a copy of a despatch which I have addressed to Sir Augustus Paget in reply to his despatches Nos. 208 and 211 of the 18th instant*. A copy of this letter is in your Embassy. I also inclose a copy of his despatch No. 214 of the 19th,† which does not appear to have passed through it.

I am, &c.
(Signed) CLARENDON.

No. 298.

Sir A. Paget to the Earl of Clarendon.—(Received June 23.)

(No. 215.)

My Lord,

I HAVE the honour to acknowledge the receipt, this day, of your Lordship's despatch No. 100 of the 18th instant, inclosing a copy of your Lordship's despatch No. 100 of the same date to Lord Lyons, relative to the reserves of the Italian Government respecting the Decree to be promulgated by the Bey of Tunis.

I have, &c.
(Signed) A. PAGET.

No. 299.

M. de Lavalette to Prince de la Tour d'Auvergne.—Communicated to the Earl of Clarendon by Prince de la Tour d'Auvergne, June 25.)

(Télégraphique.)

NOUS n'avons jamais donné notre approbation au contrat intervenu entre le Gouvernement Tunisien et le Comptoir d'Escompte. Je ne l'ai point laissé ignorer à notre Consul-Général à Tunis, et si je ne lui ai pas prescrit de tenir un langage analogue à ce qu'il en a dit à ses collègues d'Angleterre et d'Italie, c'est que l'entente n'existait pas encore, à ce moment. Dans notre pensée d'ailleurs, l'adoption de notre proposition doit entraîner nécessairement, de la part du Bey, l'abandon de tout arrangement qui

* No. 299.

† No. 295.

n'émanant pas de la Commission Financière ou n'aurait pas son assentiment. En poursuivant l'établissement de la Commission, nous travaillerons donc à faire écarter, de fait, le contrat dont il s'agit, et, dès que nous aurons l'adhésion définitive de l'Italie, nous n'aurons plus d'objections à déclarer au Bey que nous ne reconnaissons pas l'arrangement conclu avec M. Pinard. Je n'attends que la confirmation officielle des nouvelles dispositions du Cabinet de Florence pour donner des ordres à ce sujet à notre Consul par le télégraphe.

No. 300

Lord Lyons to the Earl of Clarendon.—(Received June 25.)

(No. 645.)

My Lord,

Paris, June 24, 1869.

THE Marquis de Lavalette told me this afternoon that he had sent yesterday to the Prince de la Tour d'Auvergne a telegram which would enable his Excellency to make it quite clear to your Lordship that the Government of the Emperor repudiated the contract made with the Bey of Tunis by M. Pinard, the Director of the Comptoir d'Escompte.

M. de Lavalette proceeded to read to me rather a long despatch which he had written on the subject of this contract to M. de Botmilian, the French Chargé d'Affaires at Tunis. It gave very explicit instructions to M. de Botmilian to declare to the Bey that the Government of France had never in any way countenanced or sanctioned M. Pinard's proceedings, and that it would never recognize this or any other contract not made with the consent and approval of the two sections of the Financial Commission, which was to be established.

M. de Lavalette observed that the despatch was dated the day before yesterday, and that he had only been deterred from sending it by the extraordinary hesitation shown by the Italian Government in agreeing to the draft of the Decree establishing the Commission. He then read to me a despatch which he had written to M. de Malaret, the French Minister at Florence. It commented rather sharply on the want of consistency and of confidence shown by the Italian Government, refuted the objections made by that Government to the Decree; and pointed out that the presence in the Executive section of the Commission of a French Inspector of Finance appointed by the Bey, did not at all derogate from the autonomy of the Regency, and that the Decree took into account the unfunded as well as the funded debts of the Tunisian Government.

M. de Lavalette said that he had told the Marquis that this despatch should be communicated *verbatim* to the Italian Government. It appeared, however, from a telegram he had just received, that the Italian Government desired that the explanations he had given should be given in writing. If they wished to have a copy of his despatch as it stood they might have one, but he could not consent to write a milder despatch to suit the convenience of the Italian Ministers. He was the more surprised at the difficulties made by the Government of Italy, as the Chevalier Nigra, the Italian Minister here, had written an excellent despatch to them, conveying to them all the assurances they could require.

M. de Lavalette seemed not a little displeased with the Italian Government. Finally, he sent to ask M. Nigra, who was in the waiting-room, to join us, and placed in his hands the despatches to M. de Botmilian and M. de Malaret, which he had just read to me. M. Nigra expressed his concurrence with that to M. de Botmilian, and said that probably the final adherence of the Italian Government to the Decree would be announced by telegraph to-morrow.

I reminded M. de Lavalette that this was the post day for Tunis, and that it was very important that his despatch to M. de Botmilian should arrive there before the 1st of July. Upon this he gave orders that the despatch should be sent off to-day. He added that he would send orders by telegraph to the same effect, as soon as he was assured of the unreserved adherence of Italy to the Decree. He had, from the first, he said expressed his disapproval of M. Pinard's contract, but before formally requiring the Bey to rescind a contract favourable to French creditors, he had felt bound to make sure of being able to establish the Financial Commission in accordance with his engagements to England and Italy. For the delay which had occurred, the Italian Government was entirely responsible.

The state of the question is so entirely different from that which Mr Wood supposed to exist when he wrote his despatch to your Lordship No. 24 of the 12th instant that I venture to beg your Lordship to allow me to abstain from making any comments on that despatch.

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I will also ask your Lordship's permission to abstain from pressing the French Government to give an opinion upon the scheme for settling the debts of Tunis inclosed in Mr. Wood's despatch to your Lordship No. 23 of the 8th instant. In speaking to-day of M. Pinard's contract, M. de Lavalette very distinctly laid down the principle that no plan for settling the Tunisian debts ought to be taken into consideration until the Financial Commission was established. As soon as that Commission was at work, any plans and proposals might, he affirmed, be brought before it, but, until then, the Tunisian Government ought not to be allowed to pledge itself to any arrangement.

This doctrine appears to be in itself reasonable, and it is important to M. de Lavalette to establish it as a means of defence against the attacks which are likely to be made upon him for repudiating the Pinard contract.

I have the honour to return to your Lordship herewith, the copy of the scheme inclosed in Mr. Wood's despatch No. 23.

I have, &c.
(Signed) LYONS.

No. 301.

Lord Lyons to the Earl of Clarendon.—(Received June 26.)

(No. 650. Confidential)

My Lord,

Paris, June 25, 1869.

IN answer to your Lordship's despatch No. 616 of the 23rd instant, I can only say that, so far as I can judge from the conversations which I have had with the Marquis de Lavalette and the Chevalier Nigra, both before and after I received that despatch, the language held by M. de Lavalette to me and to M. Nigra on the Tunis question, has been identical.

It appears, at any rate, from the conversation of which I had the honour to make a report to your Lordship in my despatch No. 645 of yesterday, that the explanations required by the Italian Government have now been formally conveyed to them through the Italian Minister here and the French Minister at Florence.

I have, &c.
(Signed) LYONS.

No. 302.

The Earl of Clarendon to Lord Lyons.

(No. 624.)

My Lord,

Foreign Office, June 26, 1869.

I HAVE received your despatch No. 645 of the 24th instant, reporting M. de Lavalette's explanations respecting the Tunisian Commission, and his distinct repudiation of the contract made with the Bey by M. Pinard; and I have to state to your Excellency that Her Majesty's Government consider those explanations to be fair and proper, and that they hope that the delay in disavowing M. Pinard's contract may not give rise to a claim for indemnity.

I am, &c.
(Signed) CLARENDON.

No. 303.

The Marquis de Lavalette to the French Consul-General at Tunis.—(Communicated to the Earl of Clarendon by the Prince de la Tour d'Auvergne, June . . .)

(Télégraphique.)

Paris, le 26 Juin, 1869, 11 45 soir

L'ETABLISSEMENT de la Commission Financière, arrêté en principe avec l'Angleterre et l'Italie, excite toute opération de conversion ou d'emprunt qui n'aurait pas été proposée par le Comité Exécutif et approuvée par le Comité de Contrôle. Lors même que l'arrangement conclu par le Bey avec M. Pinard renfermerait de plus sérieuses garanties pour les intérêts Français, nous ne pourrions donc nous prêter à l'exécution de ce contrat. Dans l'état de notre négociation avec l'Angleterre et l'Italie, nous devons au contraire faire savoir sans retard que nous ne le reconnaissons pas. Vous recevrez des instructions plus développées à ce sujet par le courrier qui a quitté Paris avant hier. Mais en raison

de l'urgence, je vous invite à vous rendre immédiatement auprès du Bey pour lui faire connaître notre résolution de nous opposer à toute mesure financière prise sans le concours de la Commission.

No. 304.

Sir A. Paget to the Earl of Clarendon.—(Received June 28.)

(No. 223.)

My Lord,

Florence, June 24, 1869.

WITH reference to my despatch No. 208 of the 18th instant, I have the honour to inform your Lordship that I have heard from Count Menabrea this morning that he has received (I did not clearly understand whether through the French Minister here, or through the Italian Minister at Paris) the explanations which he desired from the French Government relative to the Decree to be issued by the Bey of Tunis, that he was satisfied with them, and that he had sent instructions to Tunis in consequence.

Count Menabrea has, I believe, intimated he wish at Paris that these explanations may be communicated to him in such an official shape as may enable him to defend the policy of the Italian Government in reference to the Decree should a question hereafter arise in the Italian Parliament.

I have, &c.
(Signed) A. PAGET.

No. 305.

Lord Lyons to the Earl of Clarendon.—(Received July 2.)

(No. 670.)

My Lord,

Paris, July 1, 1869.

THE Marquis de Lavalette told me this morning that everything was now in perfect order with regard to the Tunisian question.

The Italian Government had, he said, adhered without reserve to the draft of the Decree, and had sent orders to its Agent by telegraph to be guided by your Lordship's instruction to Mr. Wood. M. de Lavalette had, on his part, repeated by telegraph his instructions to the French Agent to declare formally to the Bey that the Government of the Emperor would not recognize M. Pinard's contract. He hoped that the three Governments would now make it plain that they were entirely agreed, and were unanimous in their determination to obtain by joint action justice for their subjects.

M. de Lavalette told me also, that he had authorized the Baron de Malaret to give to the Italian Government extracts from the despatch which he had read to me on the 24th ultimo. The despatch referred to is that from M. de Lavalette to Baron de Malaret, which is mentioned in my despatch to your Lordship No. 645 of the 24th ultimo. The extracts to be given to the Italian Government would, M. de Lavalette said, convey the assurances they asked for on the subject of the Tunisian Decree, while the somewhat stiff remarks also contained in the despatch would be omitted.

I have, &c.
(Signed) LYONS.

No. 306.

Mr. Wood to the Earl of Clarendon.—(Received July 4.)

(No. 26.)

My Lord,

Tunis, June 26, 1869.

I HAVE had the honour to receive your Lordship's instructions No. 14 of the 4th June, transmitted through Lord Lyons, as well as a despatch from his Excellency, accompanying a copy of a draft of a Decree, which has been drawn up in Paris, in concert with Her Majesty's Government, and which the Bey of Tunis is to be moved to promulgate, for setting on foot the proposed Financial Commission.

Lord Lyons has directed attention to the points connected with this draft which call for special attention and observation; and agreeably to the permission given me, I have ventured to submit to his Excellency's consideration a few remarks, with a view to prevent any misconstructions being put upon the bearing and meaning of the text of the Decree, and thus insure the satisfactory working of the Financial Commission, in the

sense and manner indicated in your Lordship's instructions, on which I will bestow the utmost attention.

The advices that have reached Tunis from Paris relative to the establishment of the Commission, having produced a financial crisis by the depreciation of the value of Tunisian stock from 30 to 40 per cent., the consternation of the British, Italian, and French creditors, whose whole fortunes appear to be so seriously compromised, is such as to neutralize every effort made to reassure them, and appease their apprehensions.

In order, therefore, to create confidence, by leaving as little as possible to chance, chance, and the disloyalty of the Tunisian Government, the future condition of so many hundreds of families, I have ventured to submit, amongst others, two essential points to the appreciation of Lord Lyons: the obtaining of which would tend, in my humble opinion, to remove asperities and objections, and to reconcile the local creditors, particularly the Italians to the new institution, whose measures and operations will henceforward influence the interests of the large European colony in this Regency.

The first of these points refers to the understanding between Her Majesty's Government and that of the Emperor, to the effect that the Decree does not give any power to the Executive section of the Commission to divert from any class of creditors sources of revenue already appropriated to them for the liquidation of their claims, and that no such power can be exercised except by the two sections jointly. Nevertheless, as by Article 9 of the Decree, the Executive Section is invested with authority to receive all the revenues of the State "without exception," it would be of the utmost importance to give to this verbal understanding a more explicit character, by some formal Act or Agreement between Her Majesty's Government and those of France and Italy to set as limit the possibility of the Executive section claiming at any future period the right of interference with the afore-said sources of revenue in virtue of the above Article of the Decree. This is not a simple or an idle apprehension, it is founded upon the unrelenting and dilatory efforts of the Tunisian Government to dispossess their creditors of the sources of revenue already appropriated to them: efforts which I have no hesitation in saying will be recklessly renewed so soon as by the enactment of the Decree it acquires the force of law, and enables the Tunisian Government to appeal to it, irrespective of, and on the plea of, ignoring the existence of any verbal understanding between the Governments on the subject.

The second point relates to the functions and attributes of the controlling section of the Commission whose approval of the measures and operations of the Administrative Section it is highly desirable should be made more absolute than appears to be provided for by Article 10 of the Decree, to give executive force to its decisions.

This matter is worthy of consideration. The majority in the Executive Section will be formed by the two Tunisian Members; and however great the energy, financial knowledge, and integrity displayed by the French Inspector, he will oftentimes find himself powerless in the presence of two colleagues who will be compelled to follow the secret instructions of their absolute and despotic Government, on pain of dismissal and exposure to the personal consequences accruing therefrom in a semi-civilized state of society.

There are besides, many other equally cogent reasons why the appropriation of the controlling section should be made more directly obligatory; and amongst others may be enumerated the greater degree of countenance and support which this section would bear a position to give to the measures and operations suggested by the French Inspector, but to which his Tunisian colleagues might take exception; and, furthermore, the knowledge that their Delegates possessed ample controlling power to protect their interests would inspire the creditors with a larger amount of confidence, so requisite, under existing circumstances, to insure the satisfactory working of the Commission.

I am unable to say whether my French colleague has acquainted M. de Lavalette with the deplorable state of things which the advices from Paris have produced here; but I may venture respectfully to affirm, that the prostration of the commercial community, including the greatest portion of the French firms, is complete; and that much caution and forbearance are required at the present moment to prevent a general bankruptcy. It is in view of this lamentable crisis that I have deemed it my duty to submit, with deference, a few observations to the appreciation of Lord Lyons, tending to obviate present and future difficulties.

I have, &c.
(Signed) RICHARD WOOD.

No. 307.

The Earl of Clarendon to Mr. Wood

(Telegraphic)

Foreign Office July 1 1869.

YOUR despatch No. 26 has been received. The Draft Decree, having been finally agreed to by the Tunisian Government, it is not necessary to criticize it, and you will do your best to get it promulgated as it stands, and to make it work.

No. 308

Lord Lyons to the Earl of Clarendon.—(Received July 4.)

No. 683

My Lord,

Paris, July 3, 1869

I HAVE the honour to transmit to your Lordship a despatch which I have received under flying seal, and which is addressed to your Lordship by Mr. Wood in answer to the instructions which I conveyed to him from your Lordship on the subject of the Decree to be issued by the Bey for the establishment of the Financial Commission.

I have also the honour to inclose copies of two despatches from Mr. Wood to me on the same subject.

I have, &c.
(Signed) LYONS.

Inclosure 1 in No. 308

Mr. Wood to Lord Lyons.

Tunis, June 26, 1869.

My Lord,

I HAVE the honour to acknowledge the receipt of your Excellency's despatch of the 18th June, inclosing a despatch which the Earl of Clarendon has been pleased to address to me, as well as a copy of a Draft of a Decree to be issued by the Bey of Tunis, which has been drawn up in Paris in concert with Her Majesty's Government, and directing my attention to those points connected with this Draft that call for special observation. As by the enactment of the Decree it will become the law of the Regency, precluding the possibility of its revocation by the Bey in virtue of its Preamble, which gives to it the character of a Constitutional Convention, I have not failed, agreeably to your Excellency's permission, to study and to include several points in connection with British interests in this country. I venture, therefore, to submit with deference a few remarks to your Excellency's appreciation, with the sole object of procuring facilities for its execution by a reasonable removal of national and local prejudices and rivalries, the existence of which is almost inevitable in a place like Tunis, where a variety of circumstances have unfortunately produced a diversity of interests and feelings.

Article 7 of the Decree provides that the Executive Section of the Commission shall be charged with the equitable redistribution of the public revenues, taking it to account of the interests of the various classes of creditors; and Article 9, that the same Section shall receive all the revenues of the State without exception.

Taken both together, they would appear to imply that the Executive Section is invested with power to receive, without exception, all the public revenues and redistribute them in an equitable proportion, whereas, pursuant to the distinct understanding between Her Majesty's Government and that of France, the Decree does not give any power to the Executive Section to divert from any class of creditors sources of revenue already appropriated to them for the liquidation of their claims. The power is expressed by the two Sections of the Commission conjointly.

Although the verbal understanding between the two Governments ought to be sufficient to set aside every doubt on this point, yet I speak advisedly when I venture to express my apprehension that attempts will be made to interfere with those sources of revenue, the equitable redistribution of which is more especially upon the Tunisian Government, which will have the majority in the Executive Section and which will, though its instrumentality, renew its endeavours to divert from creditors of the stamp duty and the permits of exportation that have been given to them for value received in liquidation of their claims, and which permits are at present in their possession, and are consequently administered by them.

The attainment of such a formal recognition of the right of the British and Italian creditors to the sources of revenue already appropriated to them in liquidation of their claims, amounting to the very large sum of 1,280,000*l.*, is an object worthy of serious consideration. It would directly tend to dissipate their well-grounded fears, it would get away with much heartburning and disappointment, and would facilitate the operation of the Commission.

Article 8 provides that the Executive Section shall make all the arrangements relative to the general debt, and that the Tunisian Government shall give the necessary support to insure the execution of the measures it may take to that effect; and Article 11 specifies that the Section of Control shall take cognizance of its operations and verify and approve them, "as they shall be."

The elasticity of this latter expression leaves it almost optional with the Executive Section to submit or not its measures to the approbation of the Section of Control, and although the sentence which immediately follows removes to a very great extent any doubt that might arise thereon by providing for the approbation of the latter Section in regard to matters of general interest, yet as the two Tunisian Members will form the majority in the former Section, past experience indicates the necessity of rendering the approbation of the Committee of Control more absolute to prevent any future attempt to introduce measures of an exclusive advantage.

Pursuant to Article 10 the British and Italian Members of the Commission will be directly named by the creditors on being called upon to do so by the Tunisian Government.

As the existing contracts are entered into between the Tunisian Government and the trustees of the local Conversions, the faculty given to the Tunisian Government to invite its creditors to name direct their Delegates would imply the tacit abrogation of its contracts with the trustees, and consequently the withdrawal and annulment of the pledges and sources of revenue already appropriated to them in liquidation of their claims, and again which arbitrary act Her Majesty's Government has twice energetically protested.

I confidently hope your Excellency will pardon the few observations I have deemed it my duty to make, with perfect deference, in regard to some of the provisions of the Decree drawn up with consummate skill, and requiring, therefore, some explanation to prevent further misinterpretation, of which it does not appear at first susceptible, were it not for the knowledge we possess of the objects and views it is eventually intended to serve. You will kindly appreciate the delicate position in which the British Representative finds himself placed at this moment in the presence of a vacillating Government whose previous acts inspire no confidence, of clashing interests and of national rivalries embittered by feelings of pending ruin and exaltation, and his own solicitude to carry out your Excellency's instructions in a manner to secure the greatest amount of protection to British interests, now involved in the question, by the opportune removal of any misapprehension as to the correct meaning and bearing of some of the principal provisions of the Decree.

I beg to inclose a despatch which I have done myself the honour to address to the Earl of Clarendon to-day, in reply to his Lordship's instructions of the 4th June, transmitted through your Excellency.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure 2 in No. 308.

Mr. Wood to Lord Lyons.

Tunis, June 26, 1869

My Lord,

I HAVE the honour to acknowledge the receipt of your Excellency's despatch of the 10th of June, acquainting me that the despatch you were pleased to address to me under date of the 8th instant has been approved by the Earl of Clarendon and that his Lordship directs me, with the concurrence of my French colleague, to press the Bey to issue the Decree of which a draft was therein inclosed, even if the Italian Representative should not have received instructions on the subject.

I beg to state in reply that I have informed my French colleague with the nature of my instructions, and of my readiness, in obedience thereto, to co-operate with him in the matter. M. de Botmidian told me that he had not yet received the instructions that M. de Lavalette had announced to him on the subject, but that he expected to be put in possession of them shortly.

As your Lordship is pleased to state that you have communicated Lord Clarendon's instructions to me to the Emperor's Government, may I venture to suggest that it would be, perhaps, useful that the British Representative here should be furnished, if practicable, with a copy of the instructions of his French colleague.

I have, &c.
(Signed) RICHARD WOOD

No. 309.

The Earl of Clarendon to Lord Lyons.

(Telegraphic.)

Foreign Office, July 4, 1869

I HAVE to day telegraphed the following to Mr. Wood at Tunis:—

"Your despatch No. 90 has been received. The draft Decree having been privately agreed to by the three Governments, it is not necessary to criticize it; and you will do your best to get it promulgated as it stands, and to make it work."

No. 310.

Lord Lyons to the Earl of Clarendon.—(Received July 7.)

(No. 690)

My Lord,

Paris, July 6, 1869

THE Marquis de Lavalette showed me this afternoon a telegram dated to-day from the French Chargé d'Affaires at Tunis, which stated that the Decree of which the draft had been sent by M. de Lavalette had been signed by the Bey yesterday, and that it would be desirable to hasten the arrival of the French financial officer, who is to be appointed a member of the Executive Section of the Financial Commission.

M. de Lavalette proceeded to tell me that he had instructed the Prince de la Tour d'Auvergne to confer with your Lordship on the subject of an application which had been made by the Government of Prussia to the Governments of France and England with regard to the claim upon Tunis brought forward by the firm of Erlanger. With regard to this special claim, M. de Lavalette had, he said, suggested that the French, English, and Italian Governments should promise to recommend it to the favourable consideration of the Commission about to be established at Tunis. He was, however, he added, particularly anxious to make it apparent on this occasion that in matters of Tunisian finance the Governments of France, Great Britain, and Italy were now equally concerned, and that every step in the matter must be taken by all three Governments, as all alike were bound to abstain from separate action.

I have, &c.
(Signed) LYONS

No. 311

The Earl of Clarendon to Lord Lyons.

(No. 691)

My Lord

Foreign Office, July 7, 1869

I HAVE received your Excellency's despatch No. 690, of yesterday, respecting the application of the Prussian Government in behalf of the claim of Messrs. Erlanger on the Government of Tunis.

The French Ambassador spoke to me yesterday on this subject, and informed me as stated also in your despatch, that M. de Lavalette proposed to reply that it should have a fair consideration, if Her Majesty's Government did not object to the answer.

I said I would not make any positive objection, but that I believed that the Erlanger claim was of a totally different character from those of the English, French, and Italian subjects, whose interests their respective Governments were trying to protect; and that

we must be cautious not to submit to the Commission any new claims that would diminish the very insufficient funds that would be forthcoming for our own purposes.

I also strongly advised that no definitive answer should be sent to Berlin without consulting the Italian Government.

Your Excellency will speak to M. de Lavalette in the sense of this despatch:

I am, &c.
(Signed) CLARENDON.

No. 312

Lord Lyons to the Earl of Clarendon.—(Received July 9.)

(No. 703.)

My Lord,

Paris, July 8, 1869.

I SPOKE to the Marquis de Lavalette this afternoon, in the sense of your Lordship's despatch No. 638 of yesterday, respecting the claim of Messrs. Erlanger on the Government of Tunis.

M. de Lavalette told me that he had already received from the Prince de la Tour d'Auvergne a report of what your Lordship had said to his Excellency on the subject.

M. de Lavalette went on to say, that we ought undoubtedly to be careful not to do anything which could be held to place Messrs. Erlanger's claim on the same footing as the funded stock held by our own subjects. Messrs. Erlanger's claim must be taken into consideration with others of a similar character by the Commission which was to undertake the receipt and distribution of all the revenues of the Regency, and to provide equitably for all claims, so far as should be possible.

With regard to coming to an understanding with the Italian Government before sending an answer to Berlin respecting Messrs. Erlanger's claim, M. de Lavalette said that he entirely agreed with your Lordship. He had, indeed, already spoken to the Italian Minister here on the subject, and addressed a despatch to the French Minister at Florence. As he had said to me before, he was particularly anxious to establish the principle, that in all matters respecting the Tunisian finances, the three Powers should act in conjunction. The advantages of united action were already evident in the case and quickness with which the signature of the Decree had been obtained from the Powers. If each of the three Powers religiously abstained from taking a separate part from the other two, we might hope to bring the matter to a good conclusion. M. de Lavalette said that the matter must be treated in this way.

I told M. de Lavalette that I had, by your Lordship's desire, given him a copy of the instruction to Mr. Wood respecting the Decree, and I said to him to communicate on his side to your Lordship the instruction he had given to the French Charge d'Affaires. This he at once promised to do.

I take this opportunity of transmitting to your Lordship a copy of a despatch which I wrote yesterday to Mr. Wood, acknowledging the receipt of his despatches to me of the 26th ultimo, and informing him that I had forwarded copies of them to your Lordship.

I have, &c.
(Signed) LYONS

Enclosure No. 312

Lord Lyons to Mr. Wood.

Sir,

Paris, July 7, 1869.

I HAD, on the 3rd instant, the honour to receive your despatches of the 26th ultimo, and on the same day I forwarded copies of them to the Earl of Clarendon, together with your despatch to his Lordship No. 26 of the same date.

I have, &c.
(Signed) LYONS

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No. 313.

Lord Lyons to the Earl of Clarendon.—(Received July 10.)

(No. 706.)

My Lord,

Paris, July 9, 1869.

I HAVE the honour to transmit to your Lordship herewith three copies of a pamphlet entitled "Exposé des Faits concernant les Emprunts Tunisiens et les Réclamations des Créanciers Français."

Several copies of this pamphlet have been sent to me, I know not by whom. I have not yet had time to do more than glance at the contents. The object of the work appears to be to defend the contract made by M. Pinard, on behalf of the Comptoir d'Escompte, and to show that at all events a settlement on the principle of the Decree issued on the 19th April last, in pursuance of that contract, is the only feasible solution of the questions concerning the debts of the Regency. A violent attack is made upon the holders of the so called Conversions.

I have, &c.
(Signed) LYONS

No. 314

The Earl of Clarendon to Lord Lyons

(No. 664.)

My Lord,

Foreign Office, July 10, 1869.

I HAVE received your Excellency's despatch No. 703 of the 8th instant, reporting what had passed between you and M. de Lavalette upon your communicating to his Excellency the substance of my despatch No. 658 of the 7th instant, respecting the claim of Messrs. Erlanger on the part of Tunis; and I have to state to your Excellency that Her Majesty's Government entirely concur in the view taken by M. de Lavalette of this matter, as well as in the principle to be observed by the three Powers of joint action in all matters relating to Tunisian finances.

I am, &c.
(Signed) CLARENDON.

No. 315.

Mr. Wood to the Earl of Clarendon.—(Received July 11.)

No. 27.)

My Lord,

Tunis, July 4, 1869.

WITH reference to the correspondence on the subject of Tunisian finances, I have the honour to transmit herewith in translation the Bey's circular despatch to the foreign Representatives here, informing them that, owing to the protests presented to him by Her Majesty's Government and that of Italy, as well as the non-recognition by France of M. Pinard's contract, His Highness has annulled the Decree for the forced unification of the debts of the Regency.

As the French Charge d'Affaires apprized me yesterday that he had received a copy of the draft of the Decree for the formation of a Financial Commission, with instructions to move the Bey to promulgate it, I called on him with my Italian colleague, who has received similar instructions from General Menabrea, to ascertain his views with regard to the action it would be advisable to pursue to insure its acceptance by His Highness.

It was originally the intention of M. de Butini to ask for an early audience of the Bey to communicate to him the Decree, and in case of resistance to seek our co-operation; but as this mode of proceeding would have given rise to the supposition that our respective Governments were not acting in concert, besides other obvious inconveniences, it was agreed, at my suggestion, to leave His Highness to decide whether he would prefer to receive us together or separately. By proceeding in this manner less room will be left for mis-construction, at the same time that the concurrent action of the three Representatives at the commencement of the affair is more likely to exclude any pretension from being raised hereafter on the part of any of them to a separate or isolated action in a question they had jointly negotiated.

I have, &c.
(Signed) RICHARD WOOD

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Note addressed by the Bey of Tunis to Foreign Representatives,

(Translation.)

(After the customary compliments.)

20 Rabi Ewel, 1286 (June 30, 1869)

WE had, in the month of Muharrem of the present year, informed you of the measures we thought proper to take relative to the debts of the Regency, and we had communicated to you a copy of our Decree dated the 7th of the aforesaid month, stating that the contents (provisions) of the Decree were placed under the safeguard of the Powers. The respectable French Consul has apprized us that his friendly Government does not recognize the contract entered into on this subject. We have likewise received protests from the respectable English and Italian Consuls, in consequence of which the Decree in question is to be considered null and void.

We acquaint you with this for the information of those placed under your administration.

Remain under the safeguard of God
Written the 20th of Rabi Ewel, 1286.

(Signed)

MOUSTAPHA

(Signed)

MOHAMED EL SADOR

No. 316

Mr. Wood to the Earl of Clarendon.—(Received July 11)

(Telegraphic.)

Tunis, July 8, 1869.

IN reply to your Lordship's telegram, yesterday, have the honour to state that French Consul having only received on the 2nd of July the draft Decree, I and Italian colleagues called instantly to offer concurrent action, and are employing best efforts for immediate promulgation Decree, irrespective altogether of remarks in my despatch No. 26.

No. 317

Mr. Wood to the Earl of Clarendon.—(Received July 11.)

(Telegraphic.)

Tunis, July 6, 1869.

THE Bey promulgated Decree. Its preamble has been altered and nearly suppressed owing to direct and separate understanding between Bey and French Representative. No previous notice was given me or Italian colleague, notwithstanding our agreement with French Consul for common action, as reported in despatch No. 27. A twelfth Article has been added.

No. 318

The Earl of Clarendon to Lord Lyons.

(Telegraphic.)

Foreign Office, July 11, 1869

I HAVE received this morning from Mr. Wood the following telegram dated yesterday:—

[See No. 317.]

No. 319.

The Earl of Clarendon to Sir A. Paget

(No. 115)

Sir,

Foreign Office, July 12, 1869.

I TRANSMIT to you herewith a copy of a correspondence, as marked in the margin * which I have had with Her Majesty's Ambassador at Paris, with reference to the claim of the firm of Erlanger upon the Tunisian Government.

You will perceive that Her Majesty's Government and that of France are entirely of the same opinion as to the exceptional character of this claim, and the manner in which it should be dealt with; and I have to instruct you to communicate with the Italian Government on the subject, and to invite their concurrence in this view of the case.

I am, &c
(Signed) CLARENDON

No. 320

Lord Lyons to the Earl of Clarendon.—(Received July 14)

(No. 745)

My Lord

Paris, July 13, 1869

IN my despatch No. 690 of the 6th instant, I informed your Lordship that the Marquis de Lavalette had promised to communicate to Her Majesty's Government a copy of the instructions which were sent to the French Agent and Consul-General at Tunis with the draft of the Decree for constituting the Financial Commission. I have accordingly been furnished by his Excellency with a copy of these instructions, and I do myself the honour to send a copy to your Lordship herewith. It appears that the instructions, as actually sent, differ only in a few verbal amendments made in the last paragraph but one, from the draft which was inclosed in my despatch to your Lordship No. 54 of the 20th May last.

I have also the honour to inclose a copy of a telegram dated from the French Agent at Tunis, which has been communicated to me by M. de Lavalette.

I have, &c
(Signed) LYONS

Inclosure 1 in No. 320

M. de Lavalette to M. Holmström

Monsieur,

Paris le 24 Juin, 1869.

LORSQUE le paiement des coupons de la dette extérieure Tunisienne s'est trouvé suspendu dans le courant de l'année 1867, les intéressés ont bientôt acquis la triste conviction que la crise était profonde et réclamait des mesures exceptionnelles. La pensée de créer une Commission qui serait chargée de régulariser la perception des revenus de la Régence et d'en servir le coupon n'a pas tardé à se manifester. Cette idée s'est rapidement répandue parmi les souscripteurs des emprunts extérieurs, et le Bey, reconnaissant la nécessité de faire appel aux lumières d'hommes expérimentés dans les questions de finances, et de donner une garantie de bon vouloir aux créanciers, le son Gouvernement s'est approprié cette combinaison par un Décret du 4 Avril, 1868. En vertu de cet acte, une Commission devait être instituée dans le délai d'un mois; elle était composée de deux fonctionnaires nommés par le Gouvernement de la Régence, de deux notables élus par les corps des négociants étrangers à Tunis, de deux mandataires Français des obligataires des emprunts soucrits en 1863 et 1867, du premier Député de la nation Française, enfin d'un Inspecteur des Finances délégué par le Gouvernement de l'Empereur à la demande du Bey.

Je ne rappelle pas ici les attributions de la Commission, parcequ'elles n'ont pas été contestées; mais la proportion dans laquelle les divers intérêts devaient y être représentés a soulevé des objections de la part des porteurs Anglais et Italiens de la dette intérieure.

Nous avons pris acte du Décret rendu par le Bey, et nous étions décidés à en maintenir le principe; car la situation des détenteurs Français des obligations Tunisiennes devenait de jour en jour plus critique, mais nous n'avions pas l'intention, en sautant d'un

* Nos. 310, 311, 312, and 314.

leurs intérêts, de porter atteinte à ceux des autres étrangers, et nous avons déclaré que nous étions prêts à examiner, d'accord avec les Cabinets de Londres et de Florence, en quoi le Décret du 14 Août pouvait leses leurs nationaux.

Nous avons tenu la parole que nous avions donnée, et après des pourparlers dans lesquels nous avons apporté un sincère esprit de conciliation, nous nous sommes entendus avec le Gouvernement Anglais et le Gouvernement Italien sur une combinaison acceptable pour tous.

A nos yeux le Décret du 4 Avril n'a pas cessé de subsister, mais des modifications importantes y peuvent être introduites. Rien ne serait changé à la compétence de la Commission en matière de son organisation, son organisation serait toutefois différente. La tâche qui lui est dévolue serait répartie entre deux Comités distincts: un Comité exécutif, chargé des pouvoirs administratifs déjà conférés par le Bey, et formé de deux fonctionnaires Tunisiens, ainsi que d'un Inspecteur des Finances Français, mis à la disposition de son Altesse; un Comité de Contrôle, ayant mission de connaître de toutes les opérations du Comité Exécutif, et composé de deux Membres de chacune des nationalités Française, Anglaise, et Italienne, respectivement désignés par les Intéressés.

Le Bey ne saurait éprouver aucune hésitation à adopter cette combinaison, car elle tient compte l'un et l'autre plus que son Décret primitif de sa propre souveraineté, puisque toutes les attributions administratives de la Commission se trouvent ainsi entre les mains du Comité Exécutif nommé directement par lui. Quant au Comité de Contrôle, du moment où sa composition satisfait aux observations élevées par les Cabinets de Londres et de Florence, au nom de leurs nationaux, le Gouvernement Tunisien n'aurait aucune raison légitime de ne pas l'admettre tel que nous proposons de le constituer; car l'assentiment de l'Angleterre et de l'Italie fait disparaître la difficulté qui seule l'arrêtait au début.

Pour donner force de loi à cette combinaison, nous demandons au Bey de s'approprier le projet de Décret ci-joint, qui consacre les principes proclamés dans l'Arrêté du 4 Avril, tout en faisant droit aux objections qui avaient soulevées. Ce document a, dès à présent, l'approbation du Gouvernement Anglais et du Gouvernement Italien, auxquels nous avons eu soin de la communiquer. Je me suis assuré, également, que vous pouvez compter sur le concours de vos collègues d'Angleterre et d'Italie dans les démarches que vous aurez à faire pour obtenir la promulgation de ce nouveau Décret.

Vous voudrez donc bien, dès que vous saurez que MM. Wood et Pinna ont reçu leurs instructions, vous rendre auprès du Bey pour lui faire connaître l'accord intervenu entre les trois Gouvernements. Vous ne perdrez pas de vue que la situation financière s'aggrave de jour en jour en Tunisie, et que nous avons pris devant la Chambre l'engagement d'insister en faveur de l'établissement immédiat de la Commission dont nous avons indiqué publiquement les dispositions essentielles. Tout nouvel ajournement serait inadmissible, et nous comptons que le Gouvernement Tunisien, contre lequel s'élèvent aujourd'hui tant de réclamations légitimes voudra donner, du moins un gage de ses bonnes dispositions, en adhérant sans plus de retard à l'arrangement que nous lui proposons.

Inclosure 2 in No. 320.

M. Botmiliau to M. de Lavalette.

(Le général ne)

Tunis, le 10 Juillet, 1869, 4 h.

Le Général Kerredou et le Ministre ont été choisis par le Bey pour faire partie de la Commission. Le Bey demande que notre Inspecteur des Finances lui soit envoyé le plus tôt possible.

No 321

Lord Lyons to the Earl of Clarendon.— Received July 14)

(No. 74)

My Lord,

Paris, July 13, 1869.

I STATED yesterday to the Marquis de Lavalette, in the terms of your Lordship's despatch No. 660 of the 10th instant, that Her Majesty's Government entirely concurred in the views of his Excellency concerning the claim of Messrs. Erlanger, as well as in the principle to be observed by the Three Powers of joint action in all matters relating to Tunisian Finances.

P. Sie 10 1879

I then put into his Excellency's hand your Lordship's telegram of the day before yesterday, and begged him to remark that M. de Botmiliau, the French Agent at Tunis, had apparently made changes in the Decree which had been agreed upon by the Three Powers, and had done this without consulting his English or Italian Colleagues.

M. de Lavalette said that he was utterly unable to account for the statement made to your Lordship; it was utterly at variance with all the reports he had received from M. de Botmiliau. Later in the day, his Excellency sent M. Desprez, the Directeur Politique, to me, who said that there was nothing in the office which threw the slightest light on the statement, but that a telegram had been sent to M. de Botmiliau calling for an explanation.

I observed to M. de Lavalette and also to M. Desprez that it mattered comparatively little whether the alterations in the Decree were for the better or for the worse. The point to be cared up was, how any alterations had been made at all without consulting the English and Italian Representatives; and I pointed out that it was useless for the three Governments to establish a complete concert here and abjure all separate action, if their agents at Tunis acted independently of each other.

M. de Lavalette has just sent me a copy of a telegram from M. de Botmiliau, in answer apparently to that calling on him for an explanation. I do myself the honour to inclose a copy herewith.

I have, &c
Signed) LYONS.

Inclosure in No. 321

M. Botmiliau to M. de Lavalette.

Tunis, le 12 Juillet, 1869.

J'AVAIS eu soin de m'entendre avec mes collègues avant de faire ma démarche auprès du Bey. Vous verrez par les explications contenues dans mes dépêches qu'il n'a été apporté au préambule qu'un changement de pure forme et sans valeur réelle. Quant au douzième Article, il a pour but de confier l'exécution du Décret au Kazadar. Je ne puis m'expliquer le langage de M. le Consul-Général d'Angleterre.

No. 322

Mr. Wood to the Earl of Clarendon.—(Received July 18)

(No. 50)

My Lord,

Tunis, July 8, 1869.

I have myself the honour to transmit herewith a translation of the circular despatch which the Bey has addressed to the foreign Agents, accompanying a copy of a Decree issued by His Highness for the establishment of the Financial Commission. I venture respectfully to draw your Lordship's attention to the notable alteration, amounting almost to a suppression of the Preamble, of the draft of the Decree, which was drawn up in Paris, in concert with Her Majesty's Government and that of Italy.

I beg to submit copies of the original and amended Preambles, showing the alteration that has been made, as well as the copy of a XIIIth Article which has been added to the original draft.

These alterations were effected with the direct concurrence or on the pressing demand of the French Charge d'Affaires, in his two interviews with the Minister and subsequently with the Bey, on the 4th and 5th of July. Neither I nor my Italian colleague received any intimation of their intention to make these changes, and we only became acquainted with them on the receipt of the amended Decree early on Tuesday morning the 5th instant.

The object to be attained by these alterations appears obvious, namely, the suppression of any mention of alliance or being made directly or by implication, in the preface which Great Britain and Italy had presented in the month of April 1868 to the Tunisian Government against the formation of any International Financial Commission from which England and Italy were to be excluded. Owing to the difficulties that ensued in consequence of our own late representation to the Commission, was agreed between the three Governments, with a view to remove them, that although the Bey should be

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called upon to confirm his Decree of the 4th of April, 1868, as a satisfaction due to France that, nevertheless, no Financial Commission should be organized before the three Cabinets had, in common accord, decided upon the bases of its composition and attributes. While this agreement was made, on the one side, the subject of a note on the part of the late M. de Moustier, the Bey conveyed his adherence to it, on the other, in a letter which he addressed to the French Chargé d'Affaires on the 29th of May, 1868.

M. de Botmilian has, therefore, conceived that by the suppression of the words "mais que des difficultés se sont élevées sur la composition de cette Commission désirant y faire droit," &c., he would more effectually efface every trace of the intervention of Her Majesty's Government and that of Italy in the matter. And that, furthermore, by a simple reference to, and mention of, the Decree of the 4th of April and of the Bey's letter to him of the 29th of May 1868, ratifying it, he would place the question where it originally stood, irrespective of the recent arrangements between the three Governments, in the expectation that the French Government would be thereby placed in a more favourable position to claim, in the course of time, an exclusive, if not the sole, recognized right of intervention.

Although it would be utterly false to attribute these alterations to the Tunisian Government, yet, even in the supposition that they were suggested by the Bey, it was incumbent upon M. de Botmilian to have peremptorily rejected them, to have applied to his two colleagues to resist them, and, in the event that our joint action proved unavailing, to have referred the matter by telegraph to our respective superiors before we proceeded to alter the deliberate decision of the three Governments without their sanction and authority.

In a conversation I and M. Pinna have had with our French colleague, he attributed the delay in receiving his instructions to (in his own words) "une difficulté de rédaction." He was therefore, aware that some difficulty had arisen with regard to the wording of the draft of the Decree, and should that difficulty have occurred in the wording of the Preliminary, the introduction of the alterations, or rather the suppression of the objectionable words themselves in that case, easily accounted for.

But, be it as it may, M. de Botmilian would not quit the Goletta before the circular accompanying the amended Decree were prepared and addressed to all the foreign Consuls. He communicated during the whole day with the Minister, and only returned to Tunis about 9 o'clock at night, after he had acquired the assurance of having accomplished his object, to effect which he had evidently recourse to the means reported in my despatch of to-day's date, which forms the sequel to the present one.

The purport of the additional Article is likewise susceptible of explanation. It charges the Prime Minister with the execution of the Decree, a form adopted by Constitutional Governments, but perfectly at variance with Tunisian usages. In the present instance, it was deemed necessary to propitiate the Minister in order to render him favourable to the alterations by the introduction of his name in the Decree. And although it could not be directly stated that the two members and the Inspector of Finances would receive their nominations from his Excellency, yet he must have been deluded into the belief that, since he was intrusted with the execution of the Decree, their selection and appointment would depend upon his choice, and he would therefore exercise a certain amount of control over them.

I will refrain from making any remark on the utility of this additional Article further than to submit that it is a matter of general surprise that the functionary to whose lack of knowledge in financial matters are attributable the present difficulties, should be again placed in the position to create future embarrassments of a similar nature.

Having addressed, on the 5th instant, a note to the Bey, a copy of which I venture to enclose herewith, to press His Highness to issue the Decree in conformity with my instructions, I shall consider it my duty to abstain from acknowledging the Bey's circular accompanying an amended copy of that Decree, received on the 5th of July, until such time as I shall have the honour to be put in possession of your Lordship's directions for my guidance under these altered circumstances.

It is the second time I have had to deeply regret the comportment of my French colleague in the question of the Financial Commission, and if I have respectfully but earnestly ventured to avail myself of the permission that was given to me to submit a few observations in my despatch No. 26, tending to show the necessity that the arrangements and understandings between the three Governments should be confirmed by some formal Act, it was in consequence of my profound knowledge of the feelings that were entertained here, and of the little regard and consideration which the parties who fostered them would evince in behalf of any arrangements that were in any manner calculated to

maintain the legitimate influence of Great Britain and protect British interests, present and future, in this Regency.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure 1 in No. 322.

Note addressed by the Bey of Tunis to Foreign Representatives.

(Translation.)

(After the customary compliments.)

26 Rabbi-el-Khoir, 1286 (July 5, 1869.)

WE have deemed it necessary for the advantage of our kingdom, of our subjects and commerce, to form a Financial Commission on the bases of the twelve Articles contained in our Decree of this date, of which we enclose a copy. We inform you thereof in order that you may notify it to those who are under your administration.

(Signed) MOHAMMED EL SADDOK.
(Countersigned) MOUNTAPHA

Inclosure 2 in No. 322

Alterations introduced in the Draft of Decree for instituting Financial Commission.

Original Text.

VU notre Décret du 4 Avril de l'année dernière relatif à la formation d'une Commission de Finances.

Considérant que ce Décret a été ratifié par notre Résolution du 29 Mai suivant, mais que des difficultés se sont élevées sur la composition de cette Commission, désirant y faire droit, sans porter atteinte aux principes proclamés par nous dans cette acte, nous avons résolu de le mettre en vigueur en y introduisant les modifications qui ont été jugées convenables.

Altered Text

LE Mouchir Mohammed El Saddok, Bacha Bey, possesseur du Royaume de Tunis, quo Dieu le guide, à tous ceux que les présents verront.

Nous avons vu la nécessité pour le bien de notre Royaume, de nos sujets, et du commerce d'organiser une Commission Financière en conformité du projet de Décret émané le 4 Avril, 1868, de l'année dernière qui a été ratifié par notre Décret du 29 Mai, de la manière suivante:—

Art. 12. Notre Premier Ministre est chargé de l'exécution du contenu des 11 Articles qui précèdent. Nous nommerons les deux membres et nous demanderons l'Inspecteur des Finances mentionnés dans l'Article 3, dans le plus bref délai possible.

Inclosure 3 in No. 322

Mr. Wood to the Bey of Tunis.

Tunis, July 5, 1869

THE Undersigned, Her Britannic Majesty's Agent and Consul-General, has the honour to transmit to His Highness the Mouchir Mohammed El Saddok, Bacha Bey of Tunis, the enclosed draft of a Decree to be issued by His Highness, and which has been agreed upon by Her Majesty's Government and those of France and Italy, for the formation of a Financial Commission, divided into two Sections, for the organization of the finances of the Regency.

Her Majesty's Government entertain the confident hope that His Highness will be pleased to promulgate, with as little delay as possible, the aforesaid Decree, it being the conviction of the friendly Governments that the Regency will derive from it the utmost benefit.

Her Majesty's Government are led to express this hope in view of the letter which His Highness did the honour to address to the Undersigned on the 29th of May, 1868, stating that the establishment of such an institution would meet with His Highness' approbation and sanction so soon as the three friendly Powers interested in the question, should, in common accord, agree as to the bases upon which the said Commission

should be formed for the better protection and security of the interests of their respective subjects.

This agreement having been happily effected, it is the duty of the Undersigned to respectfully, but most earnestly request that His Highness will be pleased to speedily put him in the position to announce to Her Majesty's Government His Highness acceptance and promulgation of the Decree in question.

The Undersigned, &c.

(Signed)

RICHARD WOOD.

No. 323.

Mr. Wood to the Earl of Clarendon—(Received July 18.)

(No. 31.)

My Lord

Tunis, July 8, 1869.

I HAVE had the honour to state, in my despatch No. 27 of the 4th of July, that having been apprized by the French *Chargé d'Affaires*, on the 2nd of July, that he had received the draft of the Decree which had been drawn up in Paris, in concert with Her Majesty's Government and that of Italy, with instructions to move the Bey to promulgate it, my Italian colleague and I had called upon him in the course of the day to consult together as to the concurrent action it would be advisable to pursue to obtain its acceptance and promulgation by the Bey without difficulty.

M. de Botmiliau said, that he had no instructions either to seek or reject our co-operation; that he intended to have an interview with the Prime Minister on Sunday, the 4th instant, for the purpose of persuading him to use his influence with the Bey to issue the Decree, as well as to ask his Excellency to procure for him a conference with His Highness on Monday, the 5th instant.

M. de Botmiliau then inquired what were our own instructions, to which we replied, to concur with him in pressing the Bey to promulgate the Decree with as little delay as possible. He said, "I was thinking of pressing the Bey to issue the Decree, and in case of resistance, to apply to you to lend me your assistance."

We remarked, that as His Highness was engaged towards Her Majesty's Government and that of Italy, to sanction the establishment of a Financial Commission so soon as our Governments had, in common accord with the Emperor's Government, agreed upon the modifications that were deemed advisable to introduce, it was highly prudent not to furnish an excuse for resistance, by leaving the Bey to deduce from our isolated action, that a perfect understanding did not exist between our respective Governments. I, therefore, suggested that, as M. de Botmiliau intended to see the Minister on Sunday morning, he should desire his Excellency to ascertain from the Bey, in our names, whether it would be more agreeable to His Highness to receive us collectively or separately on Monday, for the purpose of communicating to him the draft of the Decree. I conceived that, by this mode of proceeding, we should give an incontestable proof of the complete accord and harmony that existed between Great Britain, France, and Italy, and thereby secure the success of our wishes on the part of the Bey.

Our intention being thus rendered most perfectly known, at 4 o'clock to acquaint the Minister with our agreement, saying, that he would come and breakfast with me on Sunday morning, on his return from his interview with the Bey, in consequence of the result.

On leaving him, M. de Botmiliau requested me and M. Pinna to desire the chief Consul to have the Arabic translation of the Decree prepared and printed, which request we immediately complied with.

Up to this point neither M. Pinna nor I had or could have had the slightest suspicion that we should have to deplore a lamentable mystification on the part of the Representative of France.

According to his promise M. de Botmiliau came on Sunday morning, and I begged him to inform me with the result of his interview. He stated that the Minister, having received the draft of the Decree, had made some observations of a rather serious nature, and had referred to some of its provisions, which he (M. de Botmiliau) had asked me to explain, that his Excellency had expressed a wish to return to the Bey on Monday to confer with him on a matter of such importance.

I then inquired of him the nature of the observations which he referred to, and he replied, that M. de Botmiliau had asked me to explain to the Minister our views on the subject of the Decree, and that he had then returned to the Bey on Monday to confer with him on a matter of such importance.

I then inquired of him the nature of the observations which he referred to, and he replied, that M. de Botmiliau had asked me to explain to the Minister our views on the subject of the Decree, and that he had then returned to the Bey on Monday to confer with him on a matter of such importance.

and evasively, that he was to see the Minister again on the morrow, and interrupted the conversation by suddenly quitting me to speak to some other person.

At 10 o'clock on the same night I received a confidential message to the effect that M. de Botmiliau had insisted upon being received alone, without his two colleagues, by the Bey immediately, after the termination of his conference with the Minister.

Although the above communication explained to some extent M. de Botmiliau's confused and evasive reply to me, nevertheless I still entertain a lingering hope that some misapprehension must exist with regard to his ultimate intentions.

On the following morning (Monday) I met M. de Botmiliau on the road to the summer residence of the Minister. I stopped him and reminded him of our preconcerted arrangement. He, however, again evaded a direct answer, and simply said that he was going to the Minister's, and had taken with him the draft of the Decree, as well as his own instructions, in order to explain matters, and urge the issue of the Decree, stating that on his return, he would acquaint me with the result, and ordered his coachman to proceed.

His conference with the Minister lasted for nearly two hours, at the conclusion of which he repaired to the Goletta, where the Bey at present resides, followed by the Minister, who, after an hour's private conversation with His Highness, invited M. de Botmiliau to the Palace; and about 1 o'clock I received a telegram from my dragoman at the Goletta, informing me that M. de Botmiliau had been received in audience by the Bey.

There being no longer any doubt as to the line of conduct which the Representative of the Emperor's Government thought proper to pursue towards the Representatives of Great Britain and Italy in a matter with reference to which their Governments were acting in perfect accord, I and my Italian colleague had no other course left open to us under these unexpected circumstances than to address to the Bey on the same day, the note a copy of which forms the enclosure in my despatch No. 31.

I deem it my duty to bring the foregoing detailed facts to the knowledge of your Lordship, without venturing to accompany them with any comment whatsoever, inasmuch as, when taken in connection with the occurrences I have had the honour to submit in my preceding Report, they speak for themselves.

I have, &c.
(Signed)

RICHARD WOOD.

No. 324.

The Earl of Clarendon to Lord Lyons.

(No. 60.)

My Lord,

Foreign Office, July 19, 1869.

Your Excellency having taken copies, on their way through Paris, of Mr. Wood's despatches Nos. 30 and 31 of the 8th instant respecting the proceedings of the French *Chargé d'Affaires* in regard to the Decree which the British, French, and Italian Governments had agreed should be recommended for promulgation by the Bey, I have to inform you immediately to communicate the substance of them to M. de Lavalette, who will not be surprised that Her Majesty's Government have learned with extreme regret the proceedings of the French *Chargé d'Affaires* in having, contrary to the instructions of his own Government, and without communication with his English and Italian colleagues, whose co-operation he was instructed to seek, altered a form of Decree which, after much labour and negotiation, had been agreed upon between the three Governments.

Her Majesty's Government are firmly convinced that M. de Lavalette will lose no time in disavowing the proceedings of M. Botmiliau, and I will be of opinion that if a course of conduct so contrary to all that is fair and just as that which he appears to have pursued even before the Commissioners have commenced their labours, is not disavowed, it will be better at once to renounce the prospect of that joint action which was the only hope of equal justice being done to the subjects of the three Powers.

I am, &c.
(Signed) CLARENDON

Sir A. Paget to the Earl of Clarendon.—(Received July 21)

No. 287)

My Lord,

Florence, July 16, 1869

I HAVE made known to Count Menabrea the substance of the correspondence between your Lordship and Her Majesty's Ambassador at Paris, as inclosed in your Lordship's despatch No. 115 of the 12th instant, relative to the claim of the firm of Erlanger upon the Tunisian Government, and his Excellency, who has already acquainted with this subject, informed me that he entirely agreed in the views expressed in your Lordship and the Marquis de Lavalette and that the Italian Consul-General would be instructed accordingly.

I have, &c.
(Signed) A. PAGET

No. 326

Lord Lyons to the Earl of Clarendon.—(Received July 21)

(No. 757)

My Lord,

Paris, July 20, 1869

I STOPPED to the Prince de la Tour d'Auvergne this afternoon in the sense of your Lordship's despatch No. 69 of yesterday's date, respecting the proceedings of M. Botmiliau, the French Chargé d'Affaires at Tunis, in regard to the Decree which the British, French, and Italian Governments had agreed to recommend to the Bey. After giving his Excellency a sketch of these proceedings, as described in Mr. Wood's despatches to your Lordship Nos. 30 and 31 of the 8th instant, I said that he certainly would not be surprised to hear that Her Majesty's Government had learned with extreme regret that the French Chargé d'Affaires had, contrary to the instructions of his own Government, and without communication with his English and Italian colleagues, whose cooperation was instructed to seek, after the final Decree was made, after much labour and negotiation, had been agreed upon between the three Governments.

I added that Her Majesty's Government were firmly convinced that the Government of the Emperor would lose no time in disavowing the proceedings of M. de Botmiliau, and would be of opinion that if a course of conduct so contrary to all that is fair and just as that which appeared to have been pursued by M. de Botmiliau even before the Commissioners had commenced their labours were not disapproved, all hope must be abandoned of preserving that joint action, which could alone afford a prospect of obtaining equal justice for the subjects of the three Powers.

The Prince de la Tour d'Auvergne said that he had already spoken to the Marquis de Lavalette on this subject. There were, the Prince said, two points to be considered; first, the character of the alterations made in the draft of Decree; and, secondly, the mode in which they had been made. On the second point his mind was made up. He considered that M. de Botmiliau had acted very wrongly in making any change whatever in the Decree without the concurrence of the British and Italian Agents. The first point he had not yet had time to examine himself; but M. de Lavalette seemed to be of opinion that the alterations were unimportant, and, indeed so far as they had any significance, were disadvantageous to the position of France in the question.

I said to the Prince that a different view of the alterations was taken at Tunis, and I added that I was instructed by your Lordship to communicate to the French Government the substance of Mr. Wood's despatches, and that his Excellency would thus be made acquainted with the impression produced on the spot. I would not, I said, ask his Excellency to discuss this point at once, as he had not yet read M. de Botmiliau's last despatches, but would send him, as soon as it could be got ready, a paper giving the substance of those which your Lordship had received from Mr. Wood. One thing, I said, in conclusion, was clear on the face of the matter—the conduct of M. de Botmiliau in making any alterations, important or unimportant, advantageous or disadvantageous, to French views, without consulting his two colleagues, was wholly indefensible.

I have now sent to the Prince a paper containing the substance of Mr. Wood's two despatches to your Lordship of the 8th instant (Nos. 30 and 31); I have the honour to transmit a copy of it to your Lordship.

I have, &c.
(Signed) LYONS.

Substance of Despatches from Mr. Wood to the Earl of Clarendon, dated Tunis, July 8, 1869.

HAVING been apprized by the French Chargé d'Affaires on the 2nd July that he had received the draft of the Decree which had been drawn up in Paris in concert with Her Majesty's Government and that of Italy, with instructions to move the Bey to promulgate it, my Italian colleague and I called upon him in the course of the day to consult together as to the concurrent action it would be advisable to pursue to obtain its acceptance and promulgation by the Bey.

M. de Botmiliau said that he had no instructions either to seek or reject our co-operation; that he had intended to have an interview with the Prime Minister on Sunday the 4th instant, for the purpose of persuading him to use his influence with the Bey to issue the Decree, as well as to ask his Excellency to procure for him a Conference with His Highness on Monday the 5th instant.

M. de Botmiliau then inquired what were our own instructions; to which we replied to concur with him in pressing the Bey to promulgate the Decree with as little delay as possible. He said, "I was thinking of pressing the Bey to issue the Decree, and in case of resistance to apply to you to lend me your assistance."

We remarked that as His Highness was engaged towards Her Majesty's Government and that of Italy to sanction the establishment of a Financial Commission so soon as our Governments had, in common accord with the Emperor's Government, agreed upon the modifications that were deemed advisable to introduce, it was highly prudent not to furnish an excuse for resistance by leaving the Bey to deduce from our isolated action that a perfect understanding did not exist between our respective Governments. I therefore suggested that as M. de Botmiliau intended to see the Minister on Sunday morning, he should desire his Excellency to ascertain from the Bey, in our names, whether it would be more agreeable to His Highness to receive us collectively or separately on Monday, for the purpose of communicating to him the draft of the Decree. I conceived that by this mode of proceeding we should give an incontestable proof of the complete accord and harmony that existed between Great Britain, France, and Italy, and thereby lessen the chance of opposition to their wishes on the part of the Bey.

Our French colleague answered, "C'est très bien, c'est parfait," and undertook to acquaint the Minister with the agreement, saying that he would come and breakfast with me on Sunday morning, and that he would have his reply ready with him by the time of the result.

Before we left him, M. de Botmiliau requested me and M. Pinna to desire the chief interpreters of the three Consulates to make together an Arabic translation of the Decree to insure uniformity in the Arabic text, with which request we immediately complied.

Agreeably to his promise, M. de Botmiliau came on Sunday morning, and I begged him to acquaint me with the result of his interview. He stated that the Minister, after reading the translation of the draft of the Decree, had made some observations of a rather serious nature with reference to some of its provisions, and that M. de Botmiliau had endeavoured to satisfactorily explain; that his Excellency had expressed a wish to retain the document in order to have time to study its contents, and had desired him to return on the following morning (Monday) to confer with him on a matter of such importance.

I asked M. de Botmiliau the nature of the observations to which he referred. I finally inquired of M. Botmiliau whether he had communicated to the Minister our agreement to leave it to the option of the Bey to receive us in audience together, separately and what was his Excellency's reply. M. de Botmiliau answered that he was to see the Minister again on the morrow, and interrupted the conversation by suddenly quitting me to speak to some other person.

On the following morning (Monday) I met M. de Botmiliau on the road to the summer residence of the Minister. I stopped him, and reminded him of our preconcerted arrangement. He answered simply and he was going to the Minister's, and had taken with him the draft of the Decree as well as his own instructions in order to explain matters and urge the issue of the Decree, stating that on his return he would acquaint me with the result, and ordered the coachman to proceed.

His Conference with the Minister lasted nearly two hours, at the conclusion of which he repaired to the Goletta where the Bey at present resides, followed by the Minister, who, after an hour's private conversation with His Highness, invited M. de Botmiliau to the Palace; and about 1 o'clock I received a telegram from my dragoman at the Goletta, informing me that M. de Botmiliau had been received in audience by the Bey.

There being no longer any doubt as to the line of conduct which the Representative of the Emperor's Government thought proper to pursue towards the Representatives of Great Britain and Italy in a matter with reference to which their Governments were acting in perfect accord, I and my Italian colleague had no other course left open to us, under these unexpected circumstances, than to address to the Bey on the same day the note, a copy of which is inclosed.

I have the honour to inclose, also, a translation of the Circular despatches which the Bey has addressed to the foreign agents accompanying a copy of a Decree issued by His Highness for the establishment of the Financial Commission and I venture respectfully to draw your Lordship's attention to the notable alteration amounting almost to a suppression of the preamble of the draft of the Decree, which was drawn up in Paris in concert with Her Majesty's Government and that of Italy.

I beg to submit copies of the original and amended Preambles, showing the alteration that has been made, as well as the copy of a 12th Article which has been added to the original draft.

These alterations must have been effected with the concurrence or on the demand of the French Chargé d'Affaires in his two interviews with the Minister, and subsequently with the Bey on the 4th and 5th of July.

Neither I nor my Italian colleague received any intimation of the intention to make these changes, and we only became acquainted with them on the receipt of the amended Decree early on Tuesday morning, the 6th instant.

The object of the alteration in the Preamble appears to be to suppress even the slightest allusion to the negotiations which have taken place between the Governments of Great Britain, France, and Italy; to the objections raised by Great Britain and Italy to the Decree of the 4th of April, to the understanding with the Government of France, in virtue of which Great Britain and Italy acquiesced in the confirmation of that Act, or to the fact of the three Governments having agreed upon the draft of a Decree to be recommended by them in concert to the Bey.

Even on the supposition that the alterations were suggested by the Bey, it was incumbent upon M. de Botmiliau to have rejected them; to have applied to his own colleague to resist them; and in the event that our joint action proved unavailing, to have referred the matter by telegraph to our respective superiors before we proceeded to alter the deliberate decision of the three Governments without their sanction and authority.

But be this as it may, M. de Botmiliau did not quit the Goletta before the Circulars accompanying the amended Decree were prepared and addressed to all the foreign Consuls. He communicated during the whole day with the Minister, and only returned to Tunis about 9 o'clock at night.

The purport of the additional article is to charge the Prime Minister with the execution of the Decree, a form adopted by constitutional Governments, but perfectly at variance with Tunisian usages.

I will refrain from making any remark on the utility of this additional Article further than to submit that it is a matter of general surprise that the functionary to whose lack of knowledge in financial matters are attributable the present difficulties, should be again placed in the position to create future embarrassments of a similar nature.

Having addressed on the 5th instant a note to the Bey to press His Highness to issue the Decree in conformity with my instructions, I shall consider it my duty to abstain from acknowledging the Bey's Circular communicating the altered Decree received on the 6th of July, until such time as I shall have the honour to be put in possession of your Lordship's directions for my guidance under these altered circumstances.

No. 327.

Lord Lyons to the Earl of Clarendon. — (Received July 22.)

No. 700.

My Lord,

I SPOKE again to the Prince de la Tour d'Auvergne this afternoon, on the recent proceedings of M. de Botmiliau, the French Chargé d'Affaires at Tunis.

The Prince sent for M. Desprez, who told him that M. de Botmiliau wrote that it had been agreed between him and his French and Italian colleagues, that he should take the initiative in proposing the Decree to the Bey, and should have recourse to their support only in case of his meeting with resistance.

The Bey had, however, immediately consented to issue the Decree, and had only

asked that in the preamble a change might be made which would avoid the explicit admission that he had yielded only to foreign dictation, and would thus prevent his dignity being impaired in the eyes of his own subjects. M. de Botmiliau had conceived that the alteration suggested by the Bey was of no importance, and had not felt it necessary to object to it. Still less had M. de Botmiliau imagined that any importance could be attached to the additional Article which merely confirmed the execution of the Decree, in what he affirmed to be the usual form, to the Khasnadar; and expressed the intention of the Bey to appoint the Executive Section of the Commission as soon as possible.

Having given the above account of the explanations furnished by M. de Botmiliau, M. Desprez said, that when I had first made the affair known to M. de Lavalette, a telegram had been at once sent to M. de Botmiliau, calling for explanations, and urging him to act in entire concert with his English and Italian colleagues; that a despatch in the same sense had been at the same time written to him, and that the instructions to act in concert with his colleagues had since been again enforced by telegraph.

The Prince de la Tour d'Auvergne observed that certainly his impression was, that the alterations in the Decree were of no importance in themselves, but added, that he was none the less of opinion that M. de Botmiliau ought not to have made any alterations at all without the concurrence of his English and Italian colleagues.

I said, that on this last point, I conceived that there could be no possible difference of opinion. I begged the Prince, before coming to any conclusion as to the importance of the alterations, to consider the observations of Mr Wood, the substance of which was contained in the paper I had sent to his Excellency the day before. Finally, I suggested that the explanations given by M. de Botmiliau should be communicated to Her Majesty's Government in the same detail as Mr Wood's account of the affair had been made known to his Excellency by the paper in question.

The Prince said, that he would at once give his attention to the matter, and communicate with me again upon it.

I have, &c.
(Signed) LYONS.

No. 328.

The Earl of Clarendon to Lord Lyons.

(No. 700.)

My Lord,

Foreign Office, July 22, 1869.

I HAVE received your Excellency's despatch No. 757 of the 20th instant, reporting what has passed between yourself and M. de Lavalette, respecting the proceedings of M. de Botmiliau, the French Chargé d'Affaires at Tunis, in regard to the alteration of the draft Decree which had been agreed upon by the British, French, and Italian Governments.

I have to convey to you my approval of the language held by your Excellency to M. de Lavalette in carrying out the instructions contained in my despatch No. 691 of the 19th instant on this subject.

I am, &c.
(Signed) CLARENDON.

No. 329.

The Earl of Clarendon to Lord Lyons.

(No. 700.)

My Lord,

Foreign Office, July 22, 1869.

I HAVE to express to your Excellency my approval of the language which you have held to the Prince de la Tour d'Auvergne, as reported in your despatch No. 754 of the 21st, in your further communications with his Excellency in regard to M. de Botmiliau's proceedings with reference to the alteration of the draft Decree on the subject of the Tunisian Finance question.

I am, &c.
(Signed) CLARENDON.

Mr. Wood to the Earl of Clarendon.—(Received July 25.)

(No. 34.)

My Lord,

Tunis, July 14, 1869.

I HAVE had the honour to state in my Report No. 30 of the 8th instant that M Pinna and I had deemed it our duty, in view of the proceedings of our French colleagues, to address a note to the Bey, inclosing the draft of the Decree which we were instructed to move His Highness to issue for the formation of a Financial Commission, and I now venture to inclose herewith a translation of the Bey's reply, which is a simple acknowledgment of its receipt.

The Bey having informed me that he had named General Khairaddin and Si Mohamed Hazzadar, Minister of Marine, to be the Tunisian Members of the Executive Section of the Commission, I waited upon him to convey the general satisfaction at the selection of two functionaries whose names were likely to inspire public confidence.

Amongst other matters which formed the subject of conversation, I expressed my regret that His Highness should have exposed himself to a reproach of a lack of regard and consideration towards Her Majesty's Government and that of Italy by his omission to invite their Representatives, or to communicate with them previous to the issue of the amended Decree. His Highness replied that both the Prime Minister and himself had strongly urged, in their interviews with the French Charge d'Affaires on the 4th and 8th instant the necessity of our being requested to take part in the Conference, but that M de Botmiliau would not listen to the proposal, saying, that he alone was instructed to act in the matter; that M. Pinna and I were directed to follow the course he might adopt; and that, in short, such was the agreement between us. The Bey saw himself obliged to yield, after stating to our French colleague that, in the event we should complain of this lack of courtesy, it would rest with him (M. de Botmiliau) to justify his isolated action. His Highness further excused himself by affirming, that such was the pressure employed by M de Botmiliau that the Minister deemed it necessary to ask whether he had come with an ultimatum, and that, finally, he refused to quit the Guletta until the Decree was forthwith promulgated.

The Bey likewise informed me that, in addition to the other reasons which apparently induced M. de Botmiliau to insist upon the exclusion of his two colleagues from the Conference, was his sanguine expectation that he would be able to persuade His Highness to transmit to him alone, in an official letter, the Decree in original, but with which demand His Highness peremptorily refused to comply, saying, that he would only communicate it in copy to him as well as to all the foreign Agents without distinction.

These occurrences at the very onset of the affair have created a painful impression, inasmuch as they have naturally tended to shake public confidence in the future action of the Representative of France with reference to foreign claims.

I have, &c.
(Signed) RICHARD WOOD

Inclosure in No. 330

The Bey of Tunis to Mr. Wood

(Translation)

(After the usual compliments.)

Reb. Thany, 1268.

WE have received your letter dated the 6th of July, 1869, accompanying a copy of the Articles (draft of Decree), and we have taken cognizance of them.

(Signed) MOHAMMED EL SADDOK
(Countersigned) MOUSTAPHA.

No. 331.

Mr. Wood to the Earl of Clarendon.—(Received July 25.)

(No. 35.)

My Lord,

Tunis, July 17, 1869.

I HAVE the honour to report that the Italian Representative has informed me that in his interview with the Prime Minister on the 15th instant, his Excellency acquainted him, in a confidential form, that on the previous day the French Charge d'Affaires had called on him, and had strongly urged that the Bey should issue a Decree annulling the

contracts of the local Conversions, in order that the Government should retake possession of the pledges that were assigned to them, but that his Excellency had rebuked M. de Botmiliau by reminding him that, after the very recent promulgation of the Decree for the formation of the Financial Commission, His Highness could not possibly comply with his request without acting in open defiance of it, as well as of his engagements towards the three Governments.

I stated to M Pinna that, besides the provisions of the Decree, which left it no longer in the power of the Bey to carry out an arbitrary measure that had given rise to the British and Italian Protests, it was distinctly understood between Her Majesty's Government and that of the Emperor, that the sources of revenue already appropriated to any class of creditors for the liquidation of their claims could not be diverted from them without the joint consent of the two sections of the Commission; and I begged of him, therefore to employ this argument whenever he thought it could be usefully resorted to, to appease the fresh apprehensions which this unexpected proposal on the part of the Representative of France had created.

It is superfluous to dwell on the line of conduct which our French colleague seems resolved to pursue, irrespective of formal arrangements and the results that must necessarily ensue by an overt violation of them; but M. Pinna and I conceive it would be a dereliction of duty, in prevision of future eventualities, were we not to respectfully submit the utter hopelessness of our ever being able to persuade M de Botmiliau to desert from a predetermined course of action, calculated to frustrate the objects which our respective Governments desire to obtain, which must be at variance with his instructions, and which he must be aware must lead to confusion, and, consequently, to other complications. These considerations do not appear, however, to have any weight with him, and he trusts to accomplish facts for the success of whatever scheme he may have in contemplation.

I have, &c.
(Signed) RICHARD WOOD

No. 332.

Lord Lyons to the Earl of Clarendon.—(Received July 28.)

(No. 749.)

My Lord,

Paris, July 27, 1869.

THE Prince de la Tour d'Auvergne read to me this afternoon the draft of a despatch which he had written to the French Charge d'Affaires in London, M de Contades, on the subject of the complaints of the conduct of M de Botmiliau, the French agent at Tunis with regard to the Decree establishing the Financial Commission. The Prince also read to me a telegram and a despatch which he had addressed to M de Botmiliau. He told me that the substance of all these documents was to be communicated to your Lordship by M de Contades.

The despatch and telegram to M de Botmiliau appeared to me to contain sufficient and very positive instructions to him to act in entire concert with his English and Italian colleagues, with regard to the Financial Commission, and the telegram as well as the despatch specially enjoined him not to take any step whatever in the matter without their previous concurrence. I observed to Prince de la Tour d'Auvergne that the instructions seemed to me to be very good, but that the essential point was to secure their being obeyed.

The Prince replied that I might be quite sure that any departure from the letter or spirit of these instructions would be disavowed and disapproved by the Government of the Emperor. He added that he had just received a telegram from M de Botmiliau, from which it appeared that he was in fact acting in entire concert with his colleagues in regard to the formation of the Controlling Section of the Commission.

I asked the Prince whether M de Botmiliau had written anything about a step he was stated to have taken on the 14th instant. It was, I said, affirmed that M de Botmiliau had on that day been to the Khazadar and strongly urged that a Decree should be issued, annulling the local Conversions and confiscating the pledges assigned to them. The Khazadar had, it was stated, refused, on the ground that such a proceeding would be a violation of the terms of the Decree just issued by the Bey for the establishment of the Financial Commission. It would, in fact, I observed to Prince de la Tour d'Auvergne, be in direct contradiction to the terms of the Decree, and I reminded his Excellency that, clear as the wording of the Decree was, Her Majesty's Government had nevertheless, before agreeing to the draft, distinctly ascertained that the

French Government also understood it to provide that the sources of revenue already appropriated to any class of creditors could not be diverted from them without the concurrence of the sections of the Financial Commission.

The Prince said that M. de Botmilian had not reported that he had taken any step of the kind. The assertion that he had done so must (the Prince observed) have come from the Khasnadar, who was certainly not entitled to implicit belief from us. However this might be, the positive instructions now sent to M. de Botmilian, would, it was to be hoped, prevent any further disagreement between him and his colleagues.

The Prince said, in conclusion, that the explanations which were to be given to your Lordship by M. de Contades would, he hoped, satisfy you that the alterations made in the Decree were really unimportant, and that, however incorrect had been the conduct of M. de Botmilian in assenting to them without consulting his colleagues, the Decree had better be allowed to stand as it had been issued. He trusted that the three Consuls would act in future harmoniously together in executing it.

The Prince told me that he was about to lay before the Emperor the name of the French Financial employé who was to be proposed to the Government of Tunis as a member of the Executive Section of the Commission. The employé, who was strongly recommended by the Minister of Finance, and with whom the Prince was himself acquainted, was M. de Maintenant, one of the Inspectors-General of Finance.

I have, &c.
(Signed) LYONS

No. 333.

The Earl of Clarendon to Lord Lyons.

(No. 729.)

My Lord,

Foreign Office, July 29, 1869.

YOUR Excellency has retained in your archives, copies of Mr. Wood's despatches Nos. 34 and 35 of the 14th and 17th instant, which have passed through your hands, with reference to the financial questions now under discussion in Tunis.

I have to instruct your Excellency to communicate the substance of these despatches to the French Government.

I am, &c.
(Signed) CLARENDON

No. 334.

Lord Lyons to the Earl of Clarendon.—(Received July 30.)

(No. 700.)

My Lord,

Paris, July 29, 1869.

I HAVE the honour to inclose herewith to your Lordship, extracted from the "Journal Officiel" of this day, a notice of the issue of a Decree by the Bey of Tunis, naming a Financial Commission for the repartition of the revenues of the Regency.

This notice appears under the head "Insertions Financières," in the unofficial part of the "Journal Officiel," and is published also in other newspapers this morning.

I have, &c.
(Signed) LYONS.

Inclosure in No. 334.

Extract from the "Journal Officiel" of July 29, 1869.

OBLIGATIONS TUNISIENNES.—Un décret de Son Altesse le Bey charge une Commission Financière de la répartition des revenus de la Régence. Les obligataires peuvent tous les jours, de trois à cinq heures, bureaux de l'Epargne, 1, rue de la Bourse, prendre connaissance du décret et adhérer aux mesures susceptibles d'en hâter l'exécution.

No. 335.

The Earl of Clarendon to Lord Lyons.

(No. 733.)

My Lord,

Foreign Office, July 31, 1869.

THE Vicomte de Contades read to me this morning the despatch addressed by Prince de la Tour d'Auvergne to M. Botmilian, who was thereby informed that the Government of the Emperor was in entire accordance with those of England and Italy respecting the Commission having for their object the settlement of the Tunisian debt, that M. Botmilian was not to seek any exclusive advantage for French over British and Italian creditors, and that he was to proceed cordially with his two colleagues, as their united action would be the best mode of defeating intrigues, and promoting a successful result.

I requested M. de Contades to thank the Prince de la Tour d'Auvergne for the communication of these instructions, which appeared to be complete and satisfactory; and I expressed a hope that they would have more weight with M. Botmilian than those of a similar character, which had been addressed to him by M. de Lavalette.

I am, &c.
(Signed) CLARENDON

No. 336.

Mr. Wood to the Earl of Clarendon.—(Received August 1.)

(No. 36.)

My Lord,

Tunis, July 22, 1869.

I HAVE the honour to transmit herewith inclosed, a translation of the circular despatch which the Bey has addressed to the foreign Agents, acquainting them that, pursuant to Articles 3 and 12 of his Decree, he has named General Kharedidin, and General Mahomed Haxnadar to be the Tunisian Members of the Executive Section of the Financial Commission, and that he has moreover, desired the French Government through its Consul, to designate the French Inspector.

In consequence of the foregoing arrangements, His Highness has requested the foreign Representatives to give notice to their respective subjects who are interested in the Tunisian Conversions to select also two British and two Italian Delegates as Members of the Section of Control of said Commission.

By way of notice, the French Chargé d'Affaires has communicated a copy of the amended Decree to the local French creditors.

The Austrian and Spanish Consuls-General have, however, declined to adhere to the provisions of a Decree to which their Governments are strangers, until they can ascertain their views thereon; and they have furthermore declared, that as they can only consider the Financial Commission as a measure of internal administration that does not interfere with the autonomy of the Bey, they will continue to hold the Tunisian Government directly responsible for its debts to Austrian and Spanish subjects.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure in No. 336.

The Bey of Tunis to Mr. Wood.

(Translation.)

Après les compliments d'usage.)

EN conformité de l'Article X de notre Décret, daté du 20 du mois passé, le Comité de Contrôle sera composé de deux membres Français représentant les porteurs des titres des emprunts de 1863 et 1865, et de deux membres Anglais, et deux membres Italiens, représentant les porteurs des titres des Conversions de notre royaume.

Nous avons nommé, en conformité des Articles III et XII de notre Décret précité, les membres Tunisiens qui doivent faire part du Comité Exécutif, et nous avons nommé au Gouvernement Français, par l'entremise de son Consul résident en notre capitale, l'entrepris de l'Inspecteur des Finances Français. Il n'y a plus maintenant qu'à désigner les membres du Comité de Contrôle. Notre Gouvernement vous demande donc, Monsieur, d'avertir vos administrés de nommer les membres du dit Comité chargés de leurs intérêts,

au moyen de mandats directs, authentiques, et valables, et qui ne pussent admettre de contestation.

Demeurez sous le sauvegarde de Dieu.

Ecrit le 3 de Rabia-Eltani, 1286 (16 Juillet, 1869).

(Contresigné) MOUTARRA.

No. 337.

Lord Lyons to the Earl of Clarendon.—(Received August 6.)

(No. 831.)

My Lord,

Paris, August 3, 1869.

THIS afternoon, in pursuance of the instruction contained in your Lordship's despatch No. 728 of the 20th ultimo, I put into the hand of the Prince de la Tour d'Auvergne a paper giving the substance of Mr Wood's despatches to your Lordship Nos. 34 and 35 of the 14th and 17th instant, respecting the conduct of M. de Botmilliau, the French Agent at Tunis.

The paper, in fact, was copied verbatim from the despatches, the following passages being simply omitted:—

No. 34 The first paragraph, beginning "I have had the honour," and ending, "acknowledgment of its receipt."

The last paragraph, beginning "These occurrences," and ending "with reference to foreign claims."

No. 35. The last paragraph, beginning "It is superfluous," and ending "have in contemplation."

The Prince de la Tour d'Auvergne told me that M. de Botmilliau had, in justification of his having acted in some degree independently of his colleagues, quoted a despatch from the Marquis de Lavalette to the French Minister at Florence, saying that while anxious for the concurrence of the Italian Government in the principle of the Commission, France did not desire to fetter the action of that Government, or to insist upon perfect identity of conduct in all details.

The Prince said that, in reply, M. de Botmilliau had been informed that he was to direct his conduct by the instructions addressed to himself, not by what he found in those addressed to others; that he had entirely misapprehended the sense of the despatch to the Minister at Florence; and that he was distinctly to understand that he was positively ordered not to take any step whatever in the affair of the Financial Commission without the previous concurrence of his English and Italian colleagues.

I am, &c.
(Signed) LYONS

No. 338.

The Earl of Clarendon to Lord Lyons.

(No. 775.)

My Lord,

Foreign Office, August 7, 1869.

WITH reference to your Excellency's despatch No. 831 of the 5th instant, I have to instruct you to express to the Prince de la Tour d'Auvergne the satisfaction of Her Majesty's Government at the instructions which the Prince has addressed to M. de Botmilliau as explained to you by his Excellency.

I am, &c.
(Signed) CLARENDON

No. 339.

Lord A. Loftus to the Earl of Clarendon.—(Received August 9.)

(No. 381.)

My Lord,

Berlin, August 6 1869.

IN conversation yesterday with Baron Thile, I took occasion to inquire whether he had received any information lately from Paris with reference to the claim put forth by M. Erlanger on the Tunisian Government.

His Excellency replied that a communication had been lately made by the Prince de la Tour d'Auvergne to the Prussian Chargé d'Affaires offering, on the part of the French

Government to bring the claim of M. Erlanger before the Tunisian Commission, and stating at the same time that, in your Lordship's opinion, the claim of M. Erlanger appears to be of a totally different character from those of the English, French, and Italian subjects.

This opinion, Baron Thile added, seemed to be founded on the belief that the debt due to M. Erlanger by the Bey of Tunis bore rather the character of a private than of a State debt.

When the matter was referred to Count Bismarck, his Excellency was at first of opinion that either Prussia should be represented in the Commission, or that the debts due to North German subjects by the Tunisian Government should have equal treatment with those due to the subjects of England, France, and Italy.

His Excellency, however, abstained from acting according to his first impression, and has proposed a *terme moyen* that the claim of M. Erlanger should be investigated, and that it should be dealt with according to the result obtained. He has further written to M. de Solms, the Prussian Chargé d'Affaires at Paris, instructing him to accept the good offices of the French Government in this matter.

I have, &c.
(Signed) AUGUSTUS LOFTUS

No. 340.

Mr. Wood to the Earl of Clarendon.—(Received August 11.)

No. 37.)

My Lord,

Tunis, August 3, 1869.

WITH reference to my despatch No. 36 of the 22nd of July, accompanying a translation of the Bey's circular, informing the foreign Representatives that he had named the Tunisian members of the Financial Commission, and requesting them to proceed, on their part, to the election of the English and Italian members, I have the honour to state that, owing to a subsequent verbal message on the same subject, my French and Italian colleagues expressed a desire that we should give effect to His Highness' circular previous to the expiration of the term fixed for the coming into operation of the Bey's Decree.

In reply to His Highness' message, as well as to the desire of my colleagues, I stated that, although I saw no difficulty in carrying out such of the provisions of the Decree as had not been altered, yet, in complying with their request in respect to the elections, I entirely reserved the action of Her Majesty's Government with regard to the alterations that have been introduced in the Decree without their concurrence.

With this distinct understanding, therefore, the public election of the English and Italian members of the Section of Control by the holders of the "Conversions" will take place on the 6th August at the town Palace of the Bey, under the surveillance of the Tunisian members of the Commission, assisted by the British, French, and Italian Representatives.

At a meeting of the foreign Agents at Her Majesty's Consulate-General to discuss the arrangements for insuring a proper election of the European members of the Commission, the Austrian, Prussian, Swedish, and Russian Consul Generals attended, but declared that, having received no instructions from their Governments, they would leave it to the option of their subjects either to join or not the other creditors in appointing their delegates, but that, under all circumstances, as they considered the Financial Commission an institution of internal administration, they would continue to hold the Bey directly responsible towards his creditors.

In a conversation I have had on the 1st instant with the Bey, His Highness informed me that the French Government had designated M. Villet, an Inspector-General, to be the Tunisian Inspector of Finance, with a salary of 24,000 francs a-year to be paid by the Tunisian Government, and to be also provided with a suitable residence, which the French Chargé d'Affaires proposed should be the Bey's town Palace, but which pretension was, for obvious reasons, rejected.

His Highness likewise asked me, confidentially, whether it was correct that I and my Italian colleague had in contemplation to employ our strenuous efforts to obtain the dismissal or resignation of his Prime Minister, because he had received that very morning a secret message to that effect from our French colleague, who desired to put both His Highness and his Excellency on their guard against our unfriendly intention.

I replied that I left it entirely to His Highness to compare our antecedents with the antecedents of the French Representatives for the last five years, and with those of

M. de Botmiliau in particular, whose highly energetic reports against the Minister had induced the Emperor in 1867 to issue a Decree for the military occupation of the sea-coast towns of the Regency, and to judge by the comparison the degree of credit His Highness ought to attach to the insinuation of our French colleague. Whatever his motives were for making such unauthorized statements, I could not but regret he should endeavour to acquire the confidence of His Highness by futile attempts to destroy the confidence with which His Highness and his Minister had honoured me for a long period of years, and which I trusted I should continue to enjoy, notwithstanding the first step taken by M. de Botmiliau to attribute to M. Pinna and me designs of his own, in which he had hitherto failed, but which probably he had not wholly abandoned.

I have, &c.
(Signed) RICHARD WOOD

No. 341

Lord Lyons to the Earl of Clarendon.—(Received August 13.)

(No. 858.)

My Lord,

Paris, August 12, 1869

THIS afternoon, in obedience to the instructions contained in your Lordship's despatch No. 775 of the 7th instant, I expressed to the Prince de la Tour d'Auvergne the satisfaction of Her Majesty's Government at the further instructions sent by his Excellency to the French Agent and Consul-General at Tunis, to act in entire concert with his English and Italian colleagues in the matter of the Financial Commission.

I have, &c.
(Signed) LYONS

No. 342

Mr. Wood to the Earl of Clarendon.—(Received August 16)

(No. 353)

My Lord,

Tunis, August 7, 1869

IN continuation of my despatch No. 37 of the 3rd of August, relative to the request of the Bey and of the French and Italian Representatives, that the holders of the local conversions should proceed to the election of the English and Italian Members of the Section of Control of the Financial Commission, I have the honour to state that, pursuant to a public notice, the votes were taken on the 5th instant at the Town Place by the Delegates of the Bey and of the three Consulates, and that in the afternoon of the same day, I and my French and Italian colleagues proceeded to the Place to verify the votes in the presence of, and with the assistance of, the Tunisian Members of the Executive Section.

It having resulted from the list of votes that Messrs. M. Santillana, Levy, Fedriani and Gutierrez, had obtained the numerical majority, we drew up and signed the *procès-verbal* a copy of which I beg to inclose herewith, to the effect that Messrs. Santillana and Levy had been duly elected to be English, and Messrs. Fedriani and Gutierrez to be the Italian Members of the Section of Control of the Financial Commission.

The election of these gentlemen has given great satisfaction, owing to their high character, the confidence they enjoy, and the esteem in which they are held both by the Tunisian Government and by the public. The French Chargé d'Affaires has also stated to M. Pinna and to me that he was pleased with their nomination.

I have, &c.
(Signed) RICHARD WOOD.

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Inclosure 1 in No. 342.

List of Voters.

Santillana, M.	215	Zakra, Saverio	13
Fedriani, Giacomo	799	Cassia, Isaac	10
Gutierrez, Giacomo	730	Panella	9
Levy, M. P.	635	Casaniello	8
Ayoub, M.	81	Vignone, Giovanni	3
Simeoni, Mario	238	Spasiano	5
Errera, G.	98	Norena, D.	2
Pinna, M.	93	Demich	3
Gutierrez, G.	33	Yule	3
Almas	40	Cassia, I.ippo	1
Francis, L.	30	Castro, Amadeo	1
Asquard	20	Stater	1
Pinna Alessandro	15	Sansou	1

Inclosure 2 in No. 342

Procès-Verbal, dated August 5, 1869

CEJOURD'HUI, 5 Août, 1869, à 4 heures du soir, il a été procédé dans le Palais de Dar el Bey, par le Général Khérédin et le Général Mohammed Khasnadar (Ministre de la Marine), Membres du Comité Exécutif, et les Consuls-Généraux de l'Angleterre, de France, d'Italie, au scrutin ouvert ce même jour pour l'élection de deux Membres Anglais et de deux Membres Italiens du Comité de Contrôle.

Le nombre des votants a été de 1,011. M. Santillana a obtenu 916 voix; M. Levy 625, M. Azuelos 307.

M. Fedriani a obtenu 799; M. Gutierrez 730, et M. Simeoni 238.

En conséquence, MM. Santillana et Levy ont été proclamés Membres Anglais du Comité de Contrôle, et MM. Fedriani et Gutierrez ont été proclamés Membres Italiens du même Comité.

Fait et signé à Tunis, les mêmes jour, mois, et an que dessus, à 7 heures de soir

(Signé) KHEREDIN
MOHAMED KHASNADAR
RICHARD WOOD
A. DE BOTMILIAU
G. LUIGI PINNA

No. 343

Mr. Wood to the Earl of Clarendon.—(Received August 29.)

(No. 40)

My Lord,

Tunis, August 16, 1869.

I HAVE the honour to submit herewith inclosed a copy of a protest which has been addressed to Her Majesty's Consulate-General by thirteen British Maltese subjects, and the Director of an English firm, for transmission to your Lordship. They complain that, as holders of Tunisian bonds forming the floating debt, they have been debarred from voting in the election of the members of the Section of Control in the Financial Commission. It is, however, proper to state, that such of the Memorialists as are also interested in the local conversions have subsequently recorded their votes in the election that took place on the 5th of August.

Although the floating debt is variously estimated at from 30,000,000 to 50,000,000 francs (1,200,000l. to 2,000,000l.), yet it does not appear that the Memorialists hold bonds, comprised in this class of Tunisian indebtedness, exceeding the sum of 400,000 francs (16,000l.).

During the three successive years of drought, which rendered difficult the collection of the revenue, the Tunisian Government issued a very large amount of Treasury bonds for the purpose of raising funds. A very considerable amount of these bonds were deposited with foreign bankers as securities against advances that were made to it but upon its failing to redeem them, they were sold by the bankers at a loss of from 75 to 80 per cent., and in some cases of from 85 to 90 per cent. to speculators, who now come forward to claim their full value.

It is owing to the foregoing circumstance and to financial operations of a similar description, that it has been provided in the Bey's Decree, that the floating debt shall be registered with a view to its being revised and classified.

It must be, however, stated that there are bonds and obligations for the sum of about 6,000,000 francs (240,000*l.*) still comprised in the floating debt, the validity of which cannot be questioned; and as it is already understood that this class of debts shall be placed upon the most favourable footing, the unconverted 400,000 francs due to the Memorialists will be consequently included in the most favoured class of claims, and as such will receive the consideration of, and be protected by, both sections of the Financial Commission.

I have, &c.
(Signed) RICHARD WOOD

Inclosure in No. 343.

Messrs. Yule, Bartolo, and others to Mr. Wood

Sir,
Tunis, August 2, 1869.
AT a meeting held this 2nd day of August, 1869, composed of original holders of Tunisian Government obligations:—

This meeting have read the Decree issued by the Bey, and the public notice of our British Representative convening a meeting to appoint two British merchants to represent the sole interests of the Conversions, we, the holders of Tunisian Government bonds, composing part of the floating debt, are astonished to find we are debarred from voting for the said British Representatives, and that our obligations are at the mercy of the Executive Committee. We do hereby protest against the elections as being illegal and giving undoubtable preference to the Conversions. We, in consequence, cannot understand why our Foreign Secretary has neither made any proviso nor given us a representative or vote yet he must be well aware that the British Colony are, with few exceptions, almost all bond fide holders of Tunisian Government obligations, of very large sums, and who have been waiting patiently in the hopes of some settlement being come to.

We have always refrained from entering the Conversions, from the fact that our obligations are of such a nature that they will bear the strict investigation having oil and grain contracts, triennials and promissory notes payable on demand for goods supplied to the Government, which we were in possession of before the formation of the Conversions, and before the Bey stopped payments.

Therefore, our opinion was that we ought not to mix ourselves up with the Conversions, because many parties have been allowed to enter whose claims will probably not bear investigation. And although we have no representative in the present inquiry, we, however, congratulate ourselves that something like justice is likely to be introduced into the management of the Tunisian Government's revenues. We also trust that the Conversions as a whole will meet the treatment which is usually awarded to unjust preferences granted by a fraudulent bankrupt.

We beg you, Sir, to transmit a copy of the present protest to Her Majesty's Secretary for Foreign Affairs.

We have, &c.
Per Perry, Bory and Co.,
Signed, ALEXANDER YULE
L. TARONE BARTOLO
SAVERIO ZAHRA
L. DI G. AZZOPARDI
GIO. MARIA PISANI
GIUSEPPE MUSUTTIL
LORENZO AZZOPARDI
Per mio Padre Giuseppe Rugeja,
LORENZO FIGLIO
Dr. GIUSEPPE ZEREFÀ.
LUIGI THEY
LORENZO SPITERI
Vera croce di ANTO SAVAGLIOS,
GIUSEPPE ATTARD
CARMELO PISANI

No. 344

Mr. Wood to the Earl of Clarendon.—(Received August 29.)

(No. 41)

My Lord,

Tunis August 17, 1869

IN continuation of my despatch No. 40 of the 16th August, giving cover to a copy of a protest from a few British creditors complaining that the floating debt was not represented in the Financial Commission, I have the honour to state that, in an interview with the Bey, His Highness informed me that the French Chargé d'Affaires had communicated to him a similar protest on the part of three French claimants.

It would appear that, in transmitting the protest, M. de Botmiliau verbally supported it, and recommended that two French Members should be added to the section of Control.

To this fresh pretension, put forward so soon after the promulgation of the Decree, the Bey replied that, as the essential provisions of his Decree had been concerted between the Governments of Great Britain, France, and Italy, he could not change any of them without their sanction; and that he, moreover, conceived that those who were interested in the floating debt would be fully protected by both sections of the Commission, and especially by the French Inspector after the registration and classification of the bonds and obligations forming the aggregate amount of the floating debt.

In concurring with the Bey's answer to my French colleague I earnestly begged His Highness not to listen to advice and recommendations that had for direct object to weaken and frustrate the measures which had been but so recently concerted in Paris for the settlement of Tunisian affairs. I intimated that any unauthorized attempt to introduce alterations in the Decree with covert design to neutralize the main objects sought to be attained by it, could only result in fresh questions and embarrassments, likely to again terminate to the disadvantage and discomfiture of His Highness. That in a political point of view, I considered it highly imprudent and injudicious to force the conviction upon the friendly Powers that the Tunisian Government was utterly incapable of steadily following the open and loyal course that had been suggested to it for extricating itself from its present difficulties; and that, in a material point of view, His Highness might rest assured that Her Majesty's Government and that of Italy would reject any proposals for the addition of two more French Members in the section of Control, inasmuch as such an addition was specially intended to deprive the English and Italians of the majority given to them in that section as a guarantee that their interests involved in the local conversions will be amply protected.

The Bey said that, so far as it depended upon him, he would not consent to any more alterations; but that as M. Botmiliau had informed him that he had strongly recommended to his Government the addition of two more members, His Highness could not foresee what further pressure might be brought to bear upon his Government in order to compel it to accede to this new demand.

At a meeting of the majority of the foreign Representatives to consider the arrangements to be made for the election of the Members of the Section of Control the Italian Agent put the question in the most explicit form to the French Chargé d'Affaires, as to whether, in his opinion, the Bey's Decree gave to the holders of bonds of the floating debt, the right to vote, or whether it exclusively conceded that right to those who were interested in the conversions which derived their legality from public contracts? To which M. de Botmiliau replied that, pursuant to the clear meaning of the Decree, the conversionists alone were entitled to vote. In this opinion we all unanimously concurred.

It is a matter of regret, therefore, that after this distinct expression of opinion, M. de Botmiliau should have thought it proper to adopt a course at variance with it at the request of only three French claimants, who, it is now known, have acted adversely in the matter, conjointly with the few British subjects who have been induced to follow their example.

I have, &c.
(Signed) RICHARD WOOD

No. 345.

Lord Lyons to the Earl of Clarendon.—(Received September 1.)

(No. 918.)

My Lord,

Paris, August 31, 1869.

ON the 28th instant I had the honour of forwarding to your Lordship Mr. Wood's despatch to you No. 41 of the 17th instant, in which he said that he had been told by the Bey of Tunis that the Vicomte de Botmiliau had transmitted to His Highness a protest from Frenchmen at Tunis complaining that the floating debt was not represented in the Financial Commission, and had recommended that two more French Members should be added to the Section of Control.

I mentioned this to the Prince de la Tour d'Auvergne the day before yesterday, and said that I was unwilling to believe that after all that had occurred, and in face of the positive instructions which had been sent to him, M. de Botmiliau would again have attempted to alter, without previous concert with his colleagues, the arrangement made by the French Government.

I observed also that the alteration he was said to have proposed was in itself particularly objectionable, as the proportion established between the English, French, and Italian Members of the Controlling Section was the essential condition on which the assent of Great Britain and Italy was given to the scheme of the Marquis de Lavalette.

The Prince de la Tour d'Auvergne answered that he could not believe that M. de Botmiliau had made any such recommendation to the Bey: certainly nothing which appeared in his despatches gave the least reason to suppose that he had done anything of the kind. Should it prove that the Bey's assertion was well founded, the Prince would he added, let M. de Botmiliau know very plainly what he thought of his conduct.

The Prince went on to tell me that the French Financial Officer, who was to be appointed a Member of the Administrative Section of the Commission, had started for Tunis. He had, he said, particularly impressed upon this officer the importance of preserving harmony among the French, English, and Italians, and their Representatives at Tunis, and had begged him to use all the influence he could obtain to insure M. de Botmiliau's acting in strict concert with the British and Italian Agents.

The Prince told me also that he had received from the Prussian Chargé d'Affaires a statement of the claim of Messrs. Erlanger upon the Government of Tunis.

I have, &c.
(Signed) LYONS

No. 346

Mr. Herries to the Earl of Clarendon.—(Received September 4.)

(No. 23. Confidential)

My Lord,

Florence, August 31, 1869

I THINK it my duty to communicate to your Lordship some observations made to me yesterday by M. Blanc, when I saw him for a few minutes at the Foreign Department.

He said that M. Pinard, the Italian Consul-General at Tunis, who arrived here on leave of absence a short time ago, had declared it to be his conviction, as well as that of the greater part of his countrymen resident at Tunis, that the French Government did seriously entertain the design of getting possession of the Regency at no distant date, and that their Agents were doing their utmost in furtherance of such views.

I have, &c.
(Signed) EDWARD HERRIES.

No. 347

The Earl of Clarendon to Lord Lyons.

(No. 841.)

My Lord,

Foreign Office, September 6, 1869.

I APPROVE your Excellency's language to the Prince de la Tour d'Auvergne with regard to the proceedings of M. de Botmiliau in Tunis, as reported in your despatch No. 918 of the 31st ultimo.

I am, &c.
(Signed) CLARENDON

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No. 348.

The Earl of Clarendon to Mr. Wood.

No. 22)

Sir,

Foreign Office, September 7, 1869.

I HAVE received your despatch No. 40 of the 16th ultimo, inclosing a Protest which has been addressed to you by certain British Maltese subjects interested in the Tunisian floating debt.

You will inform these gentlemen that their Memorial has been received, and I have to instruct you to do what is practicable for the protection of their interests.

I am, &c.
(Signed) CLARENDON.

No. 349.

The Earl of Clarendon to Mr. Wood.

(No. 25.)

Sir,

Foreign Office, September 7, 1869.

I HAVE received your despatch No. 41 of the 17th ultimo, and I have to state to you that I entirely approve the language which you have held to His Highness the Bey on the subject of the Tunisian floating debt.

I am, &c.
(Signed) CLARENDON

No. 350.

The Earl of Clarendon to Lord Lyons.

(No. 860.)

My Lord,

Foreign Office, September 10, 1869.

I INCLOSE, for your Excellency's information, a copy of a despatch which I have addressed to Mr. Wood approving the language held by him to the Bey of Tunis on the subject of the Tunisian floating debt, as reported in his despatch No. 41 of the 17th ultimo, of which a copy is already in your Excellency's possession. You will communicate the substance of Mr. Wood's despatch to Prince de la Tour d'Auvergne.

I am, &c.
(Signed) CLARENDON.

No. 351

Lord Lyons to the Earl of Clarendon.—(Received September 15.)

(No. 960.)

My Lord,

Paris, September 14, 1869.

I HAD last night the honour to receive your Lordship's despatch No. 860 of the 10th instant, directing me to communicate to the Prince de la Tour d'Auvergne the substance of Mr. Wood's despatch to your Lordship No. 41 of the 17th ultimo respecting the floating debt of Tunis.

In the course of a conversation I had with the Prince de la Tour d'Auvergne this afternoon, his Excellency told me that he had received a despatch from M. de Botmiliau, complaining of the conduct of Mr. Wood. M. de Botmiliau, it appeared, stated that Mr. Wood held meetings ("conciliabules") of the enemies of the arrangement agreed upon by the three Powers, and was exerting himself in various ways to impede the success of the Financial Commission.

I mentioned to the Prince de la Tour d'Auvergne that M. Pinard, the Directeur of the Comptoir d'Escompte, had called upon me yesterday, and shown me an extract from a letter from Tunis, stating also that Mr. Wood held meetings of opponents of the Financial Commission, and adding that he read to them a despatch from me, explaining that by means of the majority of English and Italians in the Controlling Section of the Commission, he would annul any measure adopted by the Executive Commission which he might disapprove.

The Prince de la Tour d'Auvergne said that he had himself, when proposing to your Lordship to agree to the establishment of the Commission, pointed out that the presence

* No. 349.

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of a French Financial Officer in the Administrative Section was counterbalanced by the majority given to the English and Italian creditors, and that this circumstance gave full security to British and Italian interests. M. de Botmiliau, he added, did not say anything about Mr Wood's having read out a despatch from me.

I said that certainly more than three months ago I had written a despatch to Mr Wood explaining, in terms not very different from those which the Prince appeared to have used to your Lordship, that the British and Italian creditors, having a majority in the Administrative Section, would have ample means of defending their interests. I added, however, that the whole purport of my despatch had been to recommend Mr. Wood to use his best endeavours to make the Commission work satisfactorily, and that I had particularly urged in it that the Members of the Commission should lay aside local and national prejudices and rivalry, and sincerely endeavour not to advance the supposed interests of any particular class, but to effect an arrangement fair alike to the Regency of Tunis and to all its creditors. I went on to say that if Mr Wood had read my despatch at all to private persons at Tunis (which seemed hardly probable) he must, I concluded, have done so in order to enforce the conciliatory view it advocated.

I then reminded the Prince of the conversation which I had had with him on the 9th of last month, respecting the statement made to Mr. Wood by the Bey of Tunis, to the effect that M. de Botmiliau had urged that two more French members should be added to the Commission in order to represent the floating debt. I said that I was now instructed to communicate to his Excellency the substance of the despatch from Mr. Wood, and I put a paper, giving the substance of it, into his hand.

The Prince said he could only repeat what he had said to me when I had mentioned this to him before, namely, that there was nothing in M. de Botmiliau's despatches or letters which gave the least reason to suppose that he had made any proposal of the kind to the Bey.

The Prince concluded by observing that it was lamentable that the French and English Agents at Tunis should have so little confidence in each other.

The despatch from me to Mr. Wood, which I mentioned to the Prince de la Tour d'Auvergne, was that dated the 8th of June, of which a copy was inclosed in my despatch to your Lordship No. 606 of the same date, and of which your Lordship expressed your approval in your despatch No. 356 of the 9th of June.

The paper which I put into the Prince's hand this afternoon was copied verbatim from Mr. Wood's despatch No. 41 of the 17th ultimo, with the exception of a slight alteration in the first sentence, made in order to suppress the reference to a previous despatch.

I have the honour to inclose a copy of the extract from a letter from Tunis communicated to me by M. Pinard.

I have, &c
(Signed) LYONS

Inclosure in No. 351.

Extract from a Letter from Tunis.

MR. RICHARD WOOD, Consul-Général d'Angleterre, guidé sans doute par ses intérêts privés, et ne tenant aucun compte de l'approbation donnée par son Gouvernement au Décret du Bey qui régularise la dette Tunisienne, tient journellement au Consulat des réunions de Conversionnistes qui sont tous des Juifs spéculateurs de Tunis, et prend avec eux ses mesures pour entraver la marche de la Commission Internationale Financière.

Mr Richard Wood a lu ces jours derniers, à ces mêmes réunions, une dépêche de Lord Lyons qui lui explique comment, au moyen de la majorité Conversionniste dont se compose le Comité de Contrôle, il pourra faire disparaître toute mesure prise par le Comité Exécutif qui ne lui paraît pas avantageuse, &c.

Depuis lors il n'est plus question dans la ville que de cette fameuse dépêche, et l'on fait mille commentaires sur cet acte significatif de la diplomatie Anglaise, livré à la publicité.

Lord Lyons to the Earl of Clarendon.—(Received September 18.)

(No. 968.)

My Lord,

Paris, September 17, 1869.

IN my despatch No. 960 of the 14th instant I had the honour to report to your Lordship that I had, in obedience to your orders, given to the Prince de la Tour d'Auvergne a copy of Mr. Wood's despatch to your Lordship No. 41 of the 17th ultimo, respecting the statement made to him by the Bey of Tunis that M. de Botmiliau had urged the addition of two more French members to the Financial Commission, to represent the floating debt.

The Prince read to me this morning the despatch with which M. de Botmiliau had forwarded to him the Memorial of the Frenchmen interested in the floating debt, and pointed out to me that it simply left the Memorial to the appreciation of the Government of the Emperor, and contained not the slightest allusion to any such idea as that of adding new members to the Financial Commission.

The Prince proceeded to read the answer he had made to M. de Botmiliau. It stated that the question of the floating debt had not escaped the attention of the Government of the Emperor, but that the very indefinite character of that debt, and the difficulty of determining the amount and ascertaining the validity of the claims made on account of it, had rendered it impossible to place representatives of those claims on the Commission. M. de Botmiliau was reminded that provision was made that all claims should be brought before the Commission, and that the presence of a French financier, free from local interests, local prejudices, and local predilections, would insure an impartial consideration of claims of every kind. Finally, M. de Botmiliau was desired to endeavour to impress these considerations on all the French creditors, and to urge them to do what lay in them to facilitate the task of the Commission.

I have, &c
(Signed) LYONS

Lord Lyons to the Earl of Clarendon.—(Received September 18.)

(No. 969. Confidential)

My Lord,

Paris, September 17, 1869.

THE Prince de la Tour d'Auvergne said to me this morning that he feared that the unhappy discord between the French and English Agents at Tunis would be increased rather than diminished if their complaints against each other formed the subject of frequent communications between their respective Governments; still, as I had, by your Lordship's order, made known to him the substance of despatches from Mr. Wood blaming M. de Botmiliau, he would read to me very confidentially a despatch from M. de Botmiliau, commenting on the conduct of Mr. Wood.

The despatch (which the Prince proceeded to read) represented Mr. Wood as holding language very unfavourable to the Financial Commission, and as strenuously exerting himself in a variety of ways to prevent its success. It stated also that he was apparently engaged in an intrigue with the Khassadar, who had always been at heart extremely hostile to the Commission. It intimated, moreover, that Mr. Wood's zeal in the cause of the holders of the so-called "Conversions" was to be attributed to his own pecuniary interests being involved in those loans.

On my objecting to this insinuation, the Prince told me that he had received a confirmation of it from other quarters.

I observed that undoubtedly Mr. Wood was a very earnest supporter of the Conversions, but that it was to be remembered that English interests were largely involved in them, and moreover that the questions relating to them had been the causes of a struggle for influence between the French and English Agents. I would not deny that such struggles produced very ill results, or that they were unhappily only too frequent and too violent at Tunis. I might admit that Mr. Wood was a man likely to contend eagerly for victory, but I could not allow, without much more positive evidence than had been produced, that his pecuniary interests were concerned in the matter.

The Prince said that the object of all his instructions to M. de Botmiliau was to put an end to the discord between the two Agents.

I have, &c
(Signed) LYONS

Mr. Wood to the Earl of Clarendon.—(Received September 20.)

(No. 15.)

My Lord,

Tunis, September 11, 1869

I HAVE had the honour to receive, on the 29th of August, your Lordship's instructions No. 20 of the 4th ultimo, accompanying for my information, a copy of a despatch from Her Majesty's Ambassador at Paris, reporting his Excellency's conversation with the Prince de la Tour d'Auvergne on Tunisian Finance and the instructions given to my French colleague.

With a view to prevent any further inconvenience, I have deemed it useful to personally acquaint the Bey, in a confidential form, with the instructions that have been transmitted to M. de Botmiliau, specially enjoining him not to take any steps with regard to the Financial Commission without the previous concurrence of his English and Italian colleagues, with whom he was to act in entire accord. I observed to the Bey that, with the knowledge he now possessed of the nature of those instructions, His Highness could have no longer an excuse for acceding to any new proposals or measures that M. de Botmiliau might suggest without our concurrence.

I likewise informed His Highness that M. de Botmiliau had apparently omitted to report to his Government that he had on the 14th of July strongly urged that a decree should be issued annulling the conversions and confiscating the pledges that had been assigned to them; and I gave him distinctly to understand that both Her Majesty's Government and that of France did not intend to attribute any such power to the draft of the decree that had been drawn up in Paris, and that, in fact, an attempt to carry out a measure of this description would be considered a direct contravention of its terms, and would be met accordingly, unless it had the sanction of the two sections of the Financial Commission.

The replies of the Bey relative to this and other points connected with the question of Tunisian finance were satisfactory.

I have, &c.
(Signed) RICHARD WOOD

Mr. Wood to the Earl of Clarendon.—(Received September 20.)

(No. 16.)

My Lord,

Tunis, September 11, 1869.

I HAVE the honour to report to your Lordship that M. Villet, the Inspector of Finance designated by the French Government to be a Member of the Administrative Section of the Commission of Finance, arrived on the 3rd instant, and, after paying his official visits to the Bey and to the Foreign Representatives, he entered upon his duties on the 7th of September with the Tunisian Functionaries of the Executive Section; but in the absence of the two French Members to represent the Loans of 1863 and 1865, the Section of Control is not supposed to be yet constituted, in consequence of which the English and Italian Members were not invited at the opening of the Financial Commission.

It might be necessary to make some observations on the subject to my French and Italian colleagues, as well as to the Tunisian Authorities; and they concurred in the opinion that, until the two French Members are named, the Commission cannot be considered as regularly constituted.

It is difficult to state when the shareholders of the so-called French Loans will proceed to elect their delegates, as M. de Botmiliau does not appear to have received any information regarding the steps taken at Paris to hasten their appointment, with reference to which the French Government are experiencing some embarrassment.

I have, &c.
(Signed) RICHARD WOOD

The Earl of Clarendon to Mr. Wood.

(No. 25. Confidential.)

Sir,

Foreign Office, September 20, 1869

I HAVE to state to you, with reference to your despatch No. 46 of the 11th instant, that I am informed by Her Majesty's Ambassador at Paris that your French colleague will be apprised by his Government that the very indefinite character of the floating debt, and the difficulty of determining the amount and ascertaining the validity of the claims made on account of it, had rendered it impossible to place on the Commission representatives of those claims; but that provision had been made for all claims being brought before the Commission, and that the presence of a French financier, free from all local interests, prejudice, and predilections, would insure an impartial consideration of claims of every kind.

I trust that henceforward the relations between yourself and your French colleague will be more cordial than, I regret to say, they have hitherto been, and that both of you will earnestly co-operate in carrying out the present financial arrangements to a satisfactory settlement, of which Her Majesty's Government attach the greatest importance.

Such, I have reason to believe, is the general character of the instructions given to M. de Botmiliau by Prince de la Tour d'Auvergne.

I am, &c.
(Signed) CLARENDON

The Earl of Clarendon to Lord Lyons

(No. 889.)

My Lord,

Foreign Office, September 20, 1869.

I APPROVE the language which you used to Prince de la Tour d'Auvergne with regard to the complaint made by the French Consul-General at Tunis against Mr. Wood, as reported in your Excellency's despatch No. 900 of the 14th instant.

I am, &c.
(Signed) CLARENDON.

Mr. West to the Earl of Clarendon.—(Received September 24.)

(No. 18. Confidential.)

My Lord,

Paris, September 23, 1869.

PRINCE DE LA TOUR D'AUVERGNE spoke to me to-day respecting Mr. Wood's position at Tunis, repeating nearly, though not in such strong language, what he had said to Lord Lyons respecting his connection with local financial affairs, reported to your Lordship in his Excellency's despatch No. 369 of the 16th of September. I told the Prince that it was the wish of Her Majesty's Government that M. Botmiliau and Mr. Wood should earnestly co-operate in carrying out the present financial arrangements, and that they attached great importance to this. His Excellency replied that as long as they remained together at Tunis, he was afraid there would always be difficulties, but that he hoped present ones would now be got over.

I have, &c.
(Signed) L. S. SACKVILLE WEST.

Mr. Herries to the Earl of Clarendon.—(Received September 30.)

(No. 41. Confidential.)

My Lord,

Florence, September 23, 1869.

M. PINNA, the Italian Consul-General at Tunis, being at Florence on leave of absence, and having expressed a desire to see me, I called upon him. He seemed anxious

to communicate to me his views on Tunisian affairs, and I take the earliest safe opportunity of making your Lordship acquainted with the substance of what he said.

M. Pinna drew a very dark picture of the state of things in Tunis:—the Ruler debased and effete; his Minister rapacious and profligate; decrepitude and corruption in every branch of the Administration, stagnation of trade, neglect of agriculture, delay of production from want of capital, which is driven away by insecurity. Total ruin he declared to be imminent without thorough and speedy reform not only of the finances, but in every Department of the State.

All the efforts of the Italian and British Representatives ought to be directed to that end; but their efforts were, and always would be, thwarted by the French Agents, whose object it was to prevent the removal of the evils that were threatening the country with destruction.

The policy of France in Tunis was the same as that of Russia in Turkey,—to accelerate dissolution.

As to French designs of annexation he entertained no doubt whatever. There was constant and abundant evidence of intrigues of the French Agents, who were gradually acquiring supreme influence throughout the country, and steadily preparing the way for the actual seizure of the territory whenever the moment should arrive for it. The authorities, civil as well as military, in Algiers, made no secret of their expectation of being called upon to strike the blow at no distant time. Nay more, the predecessor of M. Botmiliau, the present Consul-General, had once in a moment of convivial expansion avowed to him (M. Pinna) that his suspicions were entirely well founded.

M. Pinna did not suppose that the French had any desire to obtain possession of the interior; what they wanted was the coast, and particularly the port of Biserta.

Such a result would undoubtedly be in the highest degree injurious to the interests of Italy, and M. Pinna presumed that it would not be more favourable to those of Great Britain. The two countries ought to use their utmost efforts to prevent so dangerous a consummation; but Italy alone would be powerless to resist France, and if she could not rely on the effectual co-operation of Great Britain for the maintenance of the political *status quo* and preservation of the integrity of the Regency, care for her own interests, indeed safety, would require that she should come to an understanding with France for its partition.

M. Pinna, however, could not, or would not, explain clearly what measures he wished to see adopted in common by Great Britain and Italy for the purpose of checking French encroachments, and merely insisted generally on the necessity of carrying out large reforms.

With regard to the working of the financial arrangement lately adopted, he declared that he could not believe it would be carried out. He felt convinced that, whatever might be the ostensible instructions sent to M. Botmiliau, he would continue to pursue the same course as before, well knowing that he was acting in conformity with the real views of his Government. He fully expected that an endeavour would be made at the outset to throw the Conversions into the general mass of the resources to be dealt with by the Executive Section of the Financial Commission, and he thought it very probable that the opposition of the Section of Control would be of no avail; in which case he should recommend that it should resign its functions, and, as far as Italy was concerned, he thought it would be necessary to break off all official relations with the Tunisian Government.

It is right to add that M. Pinna spoke in the warmest terms of Mr. Wood.

M. Blanc having, some days before this conversation, spoken to me of M. Pinna's wish to communicate with me, I had no doubt that the observations recorded in this despatch were made with the knowledge of the Italian Foreign Office, and with a view to their being conveyed by me to your Lordship.

I thought it right, however, to take an early opportunity of speaking to Count Menabrea on the subject. I abstained, however, from alluding distinctly to what M. Pinna had said concerning the possibility of an eventual partition, as he had offered those remarks as the expression merely of his own private opinion.

Count Menabrea told me that he thought M. Pinna somewhat exaggerated existing difficulties and prospective dangers, and that he did not believe the French Government had any present intention of acting in a manner inconsistent with the assurances given to the British and Italian Governments. Due allowance must, he said, be made for the overbearing tone commonly assumed by French Agents in distant countries. He could readily conceive that at Algiers the notion of the annexation of Tunis might be very popular, and that it might be looked upon with favour at the War Department at Paris, but he did not think it was entertained at the Ministry of Foreign Affairs. At the same time it was

necessary to be vigilant, for there could be no doubt the French must always covet the possession of Biserta.

As to the settlement of the finances, he did not anticipate the serious difficulties with regard to the Conversions which M. Pinna expected would occur.

In reply to a general observation as to the necessity of co-operation between Great Britain and Italy in Tunis, I said that I was sure he would admit that the Representative of Her Majesty's Government in that country had never failed to act cordially in concert with his Italian colleague.

To this he readily assented; but I gathered from some casual expressions let fall by Count Menabrea that he believed the interest taken by Her Majesty's Government in the affairs of Tunis had latterly become less strong than formerly.

I have, &c.
(Signed) EDWARD HERRIES.

No. 300.

Mr. West to the Earl of Clarendon.—(Received October 2.)

(No. 35. Very Confidential.)

My Lord,

Paris, September 30, 1869.

PRINCE DE LA TOUR D'Auvergne read to me to-day a portion of a despatch which he had received from M. Botmiliau, the French Consul-General and *Chargé d'Affaires* at Tunis.

Its purport was to this effect: He refutes the accusation brought against him by Mr. Wood in his despatch No. 41 of the 17th August, which formed the subject of a conversation between Lord Lyons and Prince de la Tour d'Auvergne, reported to your Lordship in Lord Lyons' despatch No. 918 of the 31st of August, and which Prince de la Tour d'Auvergne said he had reason to believe was unfounded; and then goes on to say that Mr. Wood had given publicity to a despatch from your Lordship, in which it was stated that in consequence of his (M. Botmiliau's) proceedings in this matter he had been disavowed by his Government; and concludes in making strong recriminations against Mr. Wood.

I told the Prince that I could hardly suppose M. Botmiliau's statement correct as to the publicity of your Lordship's despatch, and that I should immediately report to your Lordship his communication. At the same time I added that his Excellency must be well aware that M. Botmiliau had brought other accusations against Mr. Wood, which without further proof, could not be admitted.

The Prince said that such a state of bitter personal animosity between two gentlemen, placed as they were in important and responsible official positions, was much to be regretted, and might lead to much embarrassment, as well as seriously impede the labour of the Commission.

The Prince begged me to consider this conversation as strictly confidential.

I have, &c.
(Signed) L. S. SACKVILLE WEST

No. 361

Memorandum communicated by the Viscount de Contades, October 8.

Londres, le 6 Octobre, 1869.

LORD LYONS a entretenu dernièrement le Prince de la Tour d'Auvergne des difficultés que le Consul-Général d'Angleterre à Tunis se plaint de rencontrer dans l'accomplissement de sa mission.

D'après les renseignements fournis par Mr. Wood, M. de Botmiliau aurait pris auprès du Bey l'initiative d'une démarche tendant à obtenir l'introduction, au sein de la Commission Financière, de deux nouveaux délégués Français représentant les intérêts engagés dans la dette flottante.

Le Gouvernement de l'Empereur considère ces renseignements comme inexacts. Les instructions qu'il a adressées à M. de Botmiliau lui recommandent de respecter scrupuleusement et dans toutes ses parties l'accord intervenu au sujet des finances Tunisiennes; de plus, en ce qui touche les porteurs Français de la dette flottante, M. de Botmiliau a annoncé au Prince de la Tour d'Auvergne qu'il ne donnerait aucune

suite à la démarche spéciale qui avait été faite auprès de lui par les intéressés et toute sa correspondance proteste contre une tentative qui aurait eu pour objet de troubler profondément l'économie de la combinaison dont le Gouvernement de l'Empereur a concouru activement à préparer les bases.

Le Prince de la Tour d'Auvergne doit voir, dans les plaintes formulées par Mr. Wood, une nouvelle conséquence de la politique Tunisienne qui met tout son habileté à entretenir l'esprit de division et d'antagonisme entre les Agents étrangers à Tunis, et dont les Puissances n'ont eu que trop souvent l'occasion de constater l'action dissolvante.

Désireux, toutefois, de dissiper les doutes que Lord Clarendon pourrait avoir conservés à ce sujet, le Prince de la Tour d'Auvergne a invité M. de Botmiliau à rechercher le point de départ des indications données à M. le Consul-Général d'Angleterre et à lui transmettre tous les éclaircissements propres à bien établir la vérité des faits.

Cette recommandation n'était pas encore parvenue à Tunis lorsque l'attention de M. de Botmiliau a été appelée sur l'incident qui l'avait motivée.

Il résulte, en effet, de l'extrait ci-joint du dernier Rapport de l'Agent Français, que son collègue d'Angleterre se disait autorisé, par une dépêche de son Gouvernement, à constater que la démarche attribuée à M. de Botmiliau avait motivé, de la part du Prince de la Tour d'Auvergne, un témoignage formel de désapprobation.

Cette assertion reposerait sur une inexactitude évidente. Le Gouvernement de l'Empereur n'a jamais admis que son Agent eût joué, dans cette conjoncture, le rôle qui lui a été prêté.

Il y a lieu de regretter, à tous les points de vue, la publicité donnée à un renseignement qui, mal fondé en lui-même, ne pouvait que servir, par sa divulgation, les tendances hostiles au maintien de l'entente.

Les détails où M. de Botmiliau est entré sur la fond même de l'incident confirment pleinement l'impression première du Gouvernement de l'Empereur, et se dégagent complètement de la responsabilité qu'on a cherché à faire peser sur lui.

Pas les efforts de l'Administration Tunisienne tendent, évidemment, à dissoudre le faisceau d'influences qui constitue la seule garantie réelle contre des pratiques financières incompatibles avec les droits et les intérêts des créanciers de la Régence. On a compris, dès le début, à Tunis, que l'exécution du Décret du 5 Juillet était, avant tout, subordonnée à l'accord des trois Cours qui l'ont conseillé : aucun n'a-t-on rien négligé, à Tunis, pour rendre l'exécution de ce Décret impossible.

Déjà, pendant la période d'élaboration du Décret, tous les moyens étaient mis en œuvre pour prévenir l'entente, et, depuis qu'elle a prévalu, les mêmes procédés sont employés pour la compromettre.

Cette réflexion, dont la justesse est attestée par tous les incidents de la négociation, semble au Gouvernement de l'Empereur de nature à être prise en sérieuse considération dans l'examen des faits.

Les explications échangées avec une franchise entière et mutuelle entre le Cabinet de Londres et celui de Paris ont suffi, jusqu'à ce jour, pour déjouer des calculs dont la trace est, dans ces cas, révélée par quelque nouvel incident, mais, en même temps, le Gouvernement de l'Empereur considère qu'il est important que les Agents des deux Puissances à Tunis se tiennent en garde contre des manœuvres inspirées par une préoccupation aussi persévérante et qu'ils s'appliquent à en pénétrer les ressorts secrets.

En ce qui le concerne, le Gouvernement de l'Empereur ne néglige rien pour prémunir M. de Botmiliau contre les efforts tentés en vue de troubler les rapports de confiance qui existent entre les deux Cours, il est persuadé qu'on ne saurait faire preuve, sur ce sujet, de trop de vigilance, si l'on veut amener le Gouvernement Tunisien à renoncer définitivement au système qui lui a si souvent permis de se jouer des représentations les plus légères.

No. 362

Mr. Wood to the Earl of Clarendon.—(Received October 12.)

(No. 48.)

My Lord,

Tunis, October 4, 1869.

I HAVE the honour to submit a copy of a letter which the elected British and Italian Members of the Section of Control of the Financial Commission have addressed to the British, French, and Italian Representatives, in consequence of the Bey's circular to the Foreign Agents, accompanying a notice issued by the President of the Executive Section, calling upon the holders of Treasury Bonds to deposit them at the office of the Commission to be examined and registered.

The British and Italian Members draw our serious attention to the fact that the Executive Section has commenced its operations, and has adopted public measures with reference to general interests without its knowledge and approval, in direct contradiction to the 11th Article of the Bey's Decree.

It is here necessary to observe that, although the first sitting of the Executive Section took place on the 7th of September last, the two British and two Italian Members of the Section of Control were never invited by the President to assist at the opening of the Commission, even as a matter of form and courtesy to be presented to the French Inspector-General, and that from that period to the present, the Executive Section, as well as the Tunisian Government, affect to ignore their presence or the existence of a Section of Control on the plea that, in the absence of the two French Members, it cannot be considered as constituted.

Under these circumstances, M. Pons and I called by appointment on our French colleague on the 2nd instant, to ascertain from him distinctly whether he considered the Financial Commission as legally constituted; and whether, in the event he did not consider it constituted, owing to the absence of the two French Members from the Section of Control, he would concur measures with us for suspending the sole and isolated action of the Executive Section until the former was completed. We affirmed that, although the Commission was divided into two sections according to the plan of the late M. de Montier, these two sections formed, nevertheless, but one Commission, and that, as the approval and sanctioning of the Controlling Section was necessary to give Executive force to the acts of the Administrative Section, the notice issued by its President through the Bey could not be carried into effect in the absence of that approval and sanction. We strongly advocated, on principle, the urgency and importance of not permitting any departure from the letter and spirit of the Bey's Decree, and we dwelt on the danger of allowing any precedents to be established, which might be appealed to hereafter, and which would eventually lead to much confusion and embarrassment.

While M. de Botmiliau admitted that the Financial Commission was not legally constituted in all its plenitude ("dans toute sa plénitude"), he nevertheless conceived that the Executive Section could separately enforce the 5th Article of the Decree, to which we observed that we did not call in question the functions and attributes assigned to the Executive Section by the different Articles of the Decree; but what we required, pursuant to our positive instructions, was that those functions should be performed in perfect accordance with the stipulations of the draft of the Decree which our respective Governments had concerted together in Paris, and had pressed the Bey to promulgate for the better protection of the interests of the British, French, Italian, and other creditors of His Highness. We felt assured that he must have also received instructions similar to our own, and as we were enjoined, besides, to act in perfect accord, we were desirous not only not to take any step without his knowledge, but that he should, moreover, join us in sending a letter to the Bey in reply to his circular, drawing attention to the fact that, as the Tunisian Government had not yet thought proper to recognize the section of control, it followed that the acts and measures of the Administrative Section alone could not be carried into effect without a direct violation of the 11th Article of the Decree. And that, in short, any attempt on our part or on the part of others to enforce their execution, would not only be illegal but likewise highly reprehensible, particularly as regarded the Representatives of the three Governments, whose imperative duty it was to see that the provisions of the Decree were carried out unreservedly and in perfect good faith.

M. de Botmiliau answered that from our point of view we were perfectly justified in remonstrating with the Bey, but that his own impressions did not coincide with ours, and that, as he still entertained doubts on the subject, he would not join us in any representations we might think it necessary to make to His Highness, before submitting the question to the consideration of the Emperor's Government. I then asked him distinctly whether, in transmitting the Bey's circular and the notice of the President of the Executive Section to the Prince de la Tour d'Auvergne, he had also informed his Excellency that the Bey had not recognized the Controlling Section of the Financial Commission, and that consequently the said notice, regarding so important a matter as the deposit of from 20,000,000 francs to 30,000,000 francs of Bonds had been issued without either the knowledge or sanction of the Controlling Section. M. de Botmiliau replied that he had not done so, but added that, although he had communicated the notice to the French Deputy for the information of the French merchants, he did not intend to acknowledge the Bey's circular that accompanied it. He would neither accept nor reject it.

It is difficult to conceive that a person of M. de Botmiliau's intelligence should be unable to understand the provisions and the spirit of the Bey's Decree, or that whilst he admits that the Financial Commission is not completed, and therefore not legally

constituted, he should be unable to deduce the logical conclusion from it that the separate acts and measures emanating exclusively from the Executive Section are illegal and, consequently, unacceptable to those whose material interests impose upon them the task of exacting a strict observance of the arrangements made for their present and future protection. But this is not the case, the grounds of our objections are thoroughly understood, but have failed now, as heretofore, to alter and mitigate a persistent policy that has for special object the total exclusion of Great Britain and Italy from any participation in Tunisian affairs.

In view of these circumstances, and in prevision of future eventualities, as well as in support of the prestige and dignity of our Governments, M. Pinna and I have deemed it our duty to address to the Bey the reply of which I have the honour to inclose a copy. Whilst we express our regret at our inability to accept and promulgate any measures emanating exclusively from the Administrative Section, we reiterate the assurance that as soon as the Financial Commission shall be completed and legally constituted we will use our best efforts to assist it in the execution of its important mission, but that in the meantime it is of the utmost urgency that the Tunisian Government should respect the provisions of His Highness's Decree and honestly watch over their due and proper application.

It would appear that the notice of the President of the Executive Section was transmitted to Paris and Florence a fortnight before it was sent to M. Pinna and to me notwithstanding that our French colleague had received a copy from the Hazzadar for communication to his Government.

I have, &c.
Signed) RICHARD WOOD.

Inclosure 1 in No. 362

The British and Italian Members of the Section of Control of the Financial Commission to the Representatives of Great Britain, France, and Italy

M le Consul Général, *Tunis, ce 28 Septembre, 1869*
LE 5 Juillet dernier le Bey a promulgué un Décret pour la formation d'une Commission Financière, composée de deux sections distinctes, l'une Exécutive et l'autre de Contrôle. Vous en avez l'historique, ainsi que les bases de l'accord qui décida finalement Son Altesse à l'adopter.

La Commission devait se trouver réunie à Tunis (Article 1) dans le délai d'un mois, et les deux fonctionnaires Tunisiens, membres de la Section Exécutive, furent immédiatement après nommés par le Bey.

Son Altesse communiqua officiellement ce fait aux Représentants étrangers, et les invita en même temps à faire nommer par les porteurs de titres des conversions les deux membres Anglais et les deux membres Italiens du Comité de Contrôle, dans le délai voulu par le Décret. A la suite de cette demande vous avez publié les notifications nécessaires, et le Jeudi, 5 Août, vous avez collectivement présidé au résultat de l'élection générale qui a eu lieu au Palais de Dar-el-Bey.

Le procès-verbal signé par vous, ainsi que par les deux fonctionnaires Tunisiens déjà nommés, nous a proclamés membres du Comité de Contrôle, et copie authentique de ce procès-verbal nous fut remise.

De même l'Inspecteur des Finances, membre du Comité Exécutif, a été désigné par le Gouvernement Français, et nommé par Son Altesse le Bey. Il est maintenant à son poste, et par suite de ce fait le Comité Exécutif se trouvant au complet paraît se considérer comme dûment constitué. Nous soumettons ce fait à votre appréciation, car, nous le regrettons vivement, celui de Contrôle ne se trouve pas dans une position égale, puisque les deux membres Français, mandataires des emprunts 1863 et 1865, ne sont pas encore à leur poste. Nous ignorons même s'ils ont été nommés.

En attendant, les trois membres de l'Exécutif ont eu plusieurs séances au siège même ou les deux Comités auraient dû être en présence depuis quelque temps. Nous nous sommes abstenus de faire aucune remarque officielle à ce sujet, tout le temps que ces séances paraissaient se borner à des simples études. Mais elles viennent de se traduire en une circulaire émanée du Général Khérédine, comme Président de l'Exécutif, par laquelle il invite une classe particulière de porteurs de la dette flottante de l'Etat à déposer entre les mains de ce Comité les titres qu'ils possèdent. C'est là une mesure officielle qui a été prise, sans que le Comité de Contrôle soit en mesure d'en connaître, partant d'exercer ses fonctions, dans une question qui se rattache à l'intérêt général.

Ce ne sera pas nous qui nous opposerons à la libre action des porteurs à cette

occasion; et nous leur en laissons toute la responsabilité; mais il est évidemment de notre devoir de vous soumettre ce qui se passe, afin que vous puissiez apprécier l'état d'impuissance totale où est réduit notre Comité, par suite de la non-nomination des deux membres Français; impuissance contraire à l'esprit et à la lettre de l'Article 11 du dit Décret, qui attribue à notre Comité des pouvoirs essentiels, et inséparables de l'existence de la Commission. En voici le texte:—

'Le Comité de Contrôle connaîtra de toutes les opérations du Comité Exécutif. Il sera chargé de les vérifier, et de les approuver s'il y a lieu. Son approbation sera nécessaire pour donner un caractère exécutoire aux mesures d'intérêt général délibérées par le Comité Exécutif.'

Dans cet état de choses il est de notre devoir de sauvegarder les droits de notre Comité, et d'insister pour que ses attributions lui soient maintenues dans toute leur intégrité. Il est évident que s'il n'y a pas de contrôle, il n'y a pas de Commission, partant point d'Exécutif légalement constitué. L'absence de l'un des deux Comités rend tout acte résultant des délibérations exclusives le fautive, nul et contre non avenu. C'est la une question vitale de principe, sur laquelle, dans notre opinion, il ne peut pas exister de doute, et nous avons l'honneur de nous adresser à vous, MM. les Charges d'Affaires et Consuls-Généraux, afin que vous avisiez d'un commun accord aux moyens de faire exécuter sans réserve, sans restriction, comme sans délai, le Décret que vous avez collectivement fait adopter au Bey d'après l'entente des trois Gouvernements. Vous n'avez pas besoin d'explications ultérieures pour comprendre le danger qui pourrait résulter pour tous les intérêts, dans l'état actuel de la question des finances, si vous permettiez la moindre déviation aux termes d'un Décret qui n'est après tout que le fruit de cette entente.

C'est à regret que nous nous trouvons obligés de nous adresser à vous à cette occasion; mais nous le considérons nécessaire pour protéger les intérêts qui nous ont été confiés, ainsi que pour dégager notre responsabilité, dans le cas où nos conservateurs n'auraient pas l'effet que nous en attendons.

Agree &c.
Signe M. SANFILANA
G. GATTIERES
M. P. LEVY
GAETIO FEDRIANI

Inclosure 2 in No. 362

Circular addressed by the Bey of Tunis to Foreign Agents

(Translation)
(After the customary compliments)

WE forward you herewith a notification of the Executive Committee of the Financial Commission, signed by its President; and we request you to communicate it to the people who are under your jurisdiction. Continue under the Lord's safe keeping
(The 17th Journaal 2nd, 1286, September 21, 1869).

(Signed) MOHAMED EL SADDOK
(Countersigned) MOUSTAPHA

Inclosure 3 in No. 362

Notice.

LE Comité Exécutif, faisant partie de la Commission Financière instituée par le Décret de Son Altesse le Bey de Tunis en date du 26 Rabi-el Ewel 1286 (5 Juillet, 1869) a l'honneur d'informer les détenteurs de titres au porteur émis par le Trésor Tunisien, remboursables à des époques déterminées et ne résultant ni des emprunts de 1863 ou 1865 ni des diverses conversions, que le délai de deux mois dans lequel ils sont tenus aux termes de l'Article 5 du Décret ci-dessus, de justifier de leur créance dont l'inscription devra être ensuite opérée sur les registres de la dette du Gouvernement Tunisien, commencera le 1 Octobre et expirera le 1 Décembre 1869.

En conséquence, les détenteurs de titres de cette nature résidant en Tunisie devront dans l'intervalle de temps qui vient d'être indiqué, en opérer ou en faire opérer la remise entre les mains du Comité Exécutif à Dar-el-Bey, à Tunis, le Mardi, le Mercredi et le Jeudi de chaque semaine, de 9 à 11 heures du matin.

Cette remise sera appuyée d'un bordereau en double expédition, daté et signé par le déposant, énonçant le numéro, la somme, et la date d'émission de chacun des titres. L'une des expéditions sera rendue à la partie, revêtue, par les soins du Comité, d'une mention signée constatant le dépôt fait entre ses mains.

Tunis, le 12 Septembre, 1869.

Le Président,
(Signé) KHEREDINE

Inclosure 4 in No. 362

Mr. Wood and M. Pinna to the Bey of Tunis.

Messrs,

Tunis, le 2 Octobre, 1869

Nous avons l'honneur d'acuser réception de la circulaire que votre Altesse nous a fait l'honneur de nous adresser pour nous accompagner un avis de son Excellence le bey Kheredine, et une Présence du Comité Exécutif, formant partie de la Commission Financière instituée par Décret, émané de votre Altesse le 5 de Juillet dernier.

Nous avons conçu l'espoir que l'émanation de ce Décret nous aurait mis dans l'obligation de nous adresser encore recours à votre Altesse au sujet de la question financière. L'accord des trois Gouvernements auxquels votre Altesse s'en est référée par sa lettre du 24 Mai, 1869, ainsi que les termes clairs et précis du Décret, ne laissant pas des doutes que la Commission consistait de deux Comités distincts, essentiels l'un à l'autre et devant agir concertamment en tout point, nous regrettons vivement que votre Altesse se soit éloignée à cette occasion de l'esprit et de la lettre de son Décret, en donnant cours à une mesure adoptée par le Comité Exécutif, qui n'est pas en notre pouvoir d'admettre aucune mesure ou acte pris isolément par le Comité Exécutif sans le Comité de Contrôle, aux termes de l'Article II du dit Décret, dont les sages dispositions ont été prises entre votre Altesse et les trois Gouvernements pour sauvegarder les intérêts généraux.

Dans cet état de choses il est de notre devoir de déclarer respectueusement à votre Altesse qu'il n'est pas en notre pouvoir d'admettre aucune mesure ou acte pris isolément par le Comité Exécutif sans le Comité de Contrôle, aux termes de l'Article II du dit Décret, dont les sages dispositions ont été prises entre votre Altesse et les trois Gouvernements pour sauvegarder les intérêts généraux.

Nous prions en même temps votre Altesse de croire cependant qu'immédiatement que la Commission sera formée et que votre Altesse voudra bien nous en faire part, nous emploierons tous nos efforts pour que le Décret de votre Altesse ait sa pleine et entière exécution.

Nous, &c
(Signé) RICHARD WOOD.
G. LUIGI PINNA.

No. 363.

The Earl of Clarendon to Mr. West.

(No. 62.)

Sir,

Foreign Office, October 12, 1869

I INCLOSE a copy of a paper given me a few days ago by Viscount Contades respecting the differences which exist between the English and French Consuls-General at Tunis.

I stated to him that it appeared to me that it would be well if the Consuls-General of the three Powers, including the Italian, should make it a rule to abstain from separate communication with the Bey upon the particular business of this Commission, and visit His Highness in company when they had anything to say to him on the subject.

I am, &c.
(Signed) CLARENDON.

No. 360

No. 364

The Earl of Clarendon to Mr. West.

(No. 71)

Sir,

Foreign Office, October 13, 1869.

I TRANSMIT to you an abstract of Mr. Wood's despatch No. 48 of the 4th instant, upon the formation of the Financial Commission, which has already passed through your hands, and which I have to instruct you to communicate to Prince de la Tour d'Auvergne.

I am, &c.
(Signed) CLARENDON.

No. 365.

Prince de la Tour d'Auvergne to Viscount de Contades.—(Communicated to the Earl of Clarendon by Viscount de Contades, October 16.)

Paris, le 12 Octobre, 1869.

Monsieur,

NOTRE Consul Général à Tunis appelle mon attention sur une difficulté qui vient de se produire dans l'exécution du Décret rendu par le Bey le 5 Juillet dernier.

Il résulte des informations qu'il me transmet que les membres déjà désignés du Comité de Contrôle élèvent des objections contre la régularité d'une décision adoptée par le Comité Exécutif des Finances en vue d'assurer la publicité d'un avis destiné à provoquer la production des titres de ceux des créanciers de la Régence dont les droits ne sont point connus dans des contrats publics. Cette réclamation, qui aurait trouvée faveur auprès des Agents d'Angleterre et d'Italie, a été développée dans une lettre circulaire adressée aux Représentants des trois Cours à Tunis. J'en joins ici une copie, avec l'extrait du rapport ou M. de Botmiliou en apprécie la valeur.

Toute l'argumentation des signataires de la lettre consiste à dire, comme vous le verrez, que la mesure dont il s'agit ayant été adoptée en dehors du Comité du Contrôle, qui n'est point encore entièrement constitué, se trouve par ce seul fait entachée d'irrégularité.

Il importe de débattre la question de toute essence en ce qui touche les attributions du Comité de Contrôle. Elles sont clairement déterminées par l'Article I. du Décret du 5 Juillet, qui le fait intervenir dans les mesures d'intérêt général délibérées par le Comité Exécutif. Cette définition peut-elle s'appliquer à l'acte qui nous est signalé? Cela ne serait admissible que si le Comité Exécutif avait été effectivement appelé à se prononcer sur son opportunité. Mais tel n'était pas le cas dans la circonstance qui nous occupe. Il n'y a eu lieu à aucune délibération. L'invitation adressée aux souscripteurs de la dette flottante n'est que l'accomplissement d'une prescription consignée dans le Décret du 5 Juillet, et dont l'exécution n'était pas moins obligatoire pour le Comité que celle de la mesure analogue en vertu de laquelle les membres même du Comité de Contrôle ont pu être nommés. Cette obligation découle des termes suivants que l'emprunte au second paragraphe de l'Article V du Décret —

"Pour les dettes qui ne seront pas contrôlables par des contrats (publics), les porteurs de titres devront se présenter dans un délai de deux mois. A cet effet le Comité Exécutif veillera à ce qu'il soit publié un avis dans les journaux de Tunis et à l'étranger."

Les Commissaires auraient méconnu la pensée qui a placé cette mesure sous la sauvegarde de leur vigilance s'ils en avaient plus longtemps différé l'exécution. Ils se seraient en même temps exposés aux réclamations fondées des porteurs de la dette flottante, et ils auraient, en quelque sorte, justifié la prétention vague formulée par cette catégorie de créanciers. Il n'y a là d'ailleurs qu'une simple disposition préliminaire qui ne saurait froisser aucun intérêt, et n'a d'autre objet que de préparer les éléments d'un examen régulier. Son mandat ne va pas au delà, et ne saurait par conséquent engager les décisions futures de la Commission, qui demeure seule investie du droit de statuer sur la valeur des titres ainsi soumis à son appréciation.

La plainte que j'ai sous les yeux ne se borne point à contester la légalité du procédé, dont je viens de rétablir le véritable caractère. Elle fait également allusion en termes qui impliqueraient la pensée d'un blâme au retard que subit la nomination des Délégués Français au Comité de Contrôle. La situation cependant s'explique d'elle-même par les difficultés inhérentes à cette opération. La désignation des membres Français doit être effectuée dans des conditions toutes différentes de celles qui ont marqué la section des Commissaires Anglais et Italiens. Représentants d'un petit nombre d'ayants droits engagés dans les conventions, et, pour la plupart, prescrits sur les lieux mêmes, ceux-ci ont pu risquer

ment être désignés sur le champ. Les titres de la dette extérieure, au contraire, disséminés entre des mains nombreuses, se trouvent, en outre, détenus presque exclusivement au dehors, et notamment en France, lieu d'émission des deux emprunts. Dans cet état de choses, la réunion des souscripteurs et la nomination des délégués entraînent des formalités préalables, et ne pouvait manquer d'amener quelque délai, que nous nous en sommes d'ailleurs à abrégé autant qu'il dépend de nous. L'Agent du Bey de Tunis à Paris attend que les dernières instructions de son Gouvernement pour procéder à la convocation des porteurs de titres, et j'écris moi-même aujourd'hui par le télégraphe à M. le Botschliu pour l'inviter à presser l'envoi de ces directions à M. de Lesseps.

Nous avons donc tout lieu d'espérer que la Commission Financière ne tardera pas à être définitivement constituée par l'adjonction des deux membres nécessaires pour compléter l'organisation du Comité de Contrôle. Mais je dois constater que nous n'aurons aucun bon résultat à attendre de ces travaux si nous devons y retrouver la trace de ce regrettable esprit d'antagonisme dont il est difficile de ne pas voir une manifestation dans l'incident dont je suis appelé à vous entretenir aujourd'hui. Au lieu du conflit des intérêts locaux, le rôle de médiateurs revêt naturellement au Consulat Général des trois Cours, et ils ne sauraient s'occuper sans stimuler des passions et susciter des espérances qui forment autant d'obstacles à un arrangement dont le bon accord des diverses parties intéressées demande la condition essentielle.

C'est de cette pensée que nous sommes constamment inspirés dans les instructions données à M. de Botschliu. Je ne puis que regretter que les adversaires de l'entente intervenue nient en avoir trouvé un encouragement dans l'attitude de MM. Wood et Pinna, et en présence de ce nouvel incident je serais heureux que le Principal Secrétaire de la Reine voulût bien insister auprès de l'Agent Britannique pour faire prévaloir les sentiments de conciliation qui ont présidé à l'accord des trois Gouvernements.

Recevez, &c.
(Signé) PCE. DE LA TOUR D'AUVERGNE.

Inclosure 1 in No. 365.

M. de Botschliu to Prince de la Tour d'Auvergne.

M. le Ministre,

Tunis, le 2 Octobre, 1869.

LE Comité Exécutif, ainsi que votre Excellence en est déjà informée, a fait inviter les porteurs de titres de la dette flottante à présenter ces titres dans le délai de deux mois, commençant à courir le 1 Octobre et finissant le 1 Décembre. Les quatre Membres élus Anglais et Italiens au Comité de Contrôle ont vu dans cette mesure une atteinte portée aux droits de ce Comité, et ils viennent de protester, par une lettre collective, dont votre Excellence trouvera en-joint copie, qu'ils ont en même temps adressée à Mr. Wood, à M. Pinna et à moi.

Sans attacher à cette lettre plus d'importance qu'elle n'en doit avoir, j'ai tenu à la communiquer à M. Villet, qui en a également donné connaissance au Général Kérédine. L'un et l'autre ont été d'accord pour penser avec moi qu'il n'y avait pas lieu de s'y arrêter aucunement. Les termes du Décret du 5 Juillet sont précis; il est des mesures que le Comité est chargé d'exécuter purement et simplement. Le Comité de Contrôle n'y a rien à voir; celle qu'il a provoquée en invitant les porteurs de teskérés de la dette flottante à le présenter leurs titres est de ce nombre. Il en est d'autres pouvant toucher aux intérêts généraux des créanciers du Bey qui doivent être prises après délibération, ces mesures sont soumises au Comité de Contrôle, qui peut en délibérer à son tour et y faire des observations. Toute autre interprétation est inadmissible. Le Comité Exécutif (son nom même l'indique) est le Comité dirigeant, le Comité supérieur. La position élevée des hommes qui le composent le prouve s'il se peut plus encore. Soumettre chacun de leurs actes, chacune des mesures qu'il voudrait prendre à l'approbation indispensable des commerçants membres du Comité de Contrôle serait leur faire dans la Commission une situation que, en tous cas, aucun d'eux ne voudrait accepter.

Je suis à regret obligé de constater cependant que cette opinion n'est pas celle de tous mes collègues. Ainsi M. Pinna, qui vient d'arriver d'Italie, s'étant rendu chez moi il y a trois jours, m'a dit approuver la protestation qui nous a été remise, et être dans l'intention de s'adresser au Bey pour arrêter toute mesure que le Comité Exécutif voudrait prendre, jusqu'à l'arrivée des deux membres Français représentant des obligataires. Mais il m'a en même temps exprimé le désir de s'en entendre préalablement avec Mr. Wood et moi. J'ai d'abord fait observer à M. Pinna que nous n'avons pas plus de communication à recevoir du Comité de Contrôle que nous n'en avons à lui adresser, et qu'il y a au moins quelque

chose d'assez anormal à ce qu'il agisse à un titre quelconque, quand il reconnaît lui-même qu'il n'est pas constitué encore, et conteste par ce seul motif au Comité Exécutif le droit de prendre la résolution qu'il a prise. J'ai ajouté que voulant toutefois marcher autant qu'il me sera possible d'accord avec Mr. Wood et moi, s'il croyait utile que nous eussions ensemble un entretien sur une question d'un intérêt commun, je serais toujours disposé à y prendre part. Nous nous sommes, en effet, réunis ce matin chez moi.

Le point sur lequel Mr. Wood et M. Pinna ont surtout insisté, est que la Commission n'est pas constituée du moment où le Comité de Contrôle n'est pas au complet, et que dès lors le Comité Exécutif ne pourrait légalement prendre aucune résolution. Ils se sont en conséquence refusés à donner communication à leurs administrés de l'avis émanant du Comité Exécutif relatif au dépôt des titres de la dette flottante, et en répondant à la circulaire du Kamadar, qui nous l'a transmis, ils m'ont dit vouloir faire des réserves expresses sur pareille mesure prise au moment leur paraissant en opposition avec l'esprit comme avec la lettre du Décret du 5 Juillet. J'ai au contraire communiqué ce même avis à notre premier Député et à nos Agents dans la Régence pour être porté par eux à la connaissance de nos nationaux. En admettant en effet que, ce que je ne crois pas, une irrégularité ait été commise, il ne me paraît pas qu'il nous appartienne de nous en constituer juges. Elle ne crée pour nous d'ailleurs aucun danger. Tout au plus l'avis déjà publié devra être renouvelé, et le délai fixé pour la remise des titres sera prorogé de quelques semaines. Mais je vois la ruine immédiate du pays si le Comité Exécutif tarde plus longtemps à mettre un terme, puisque seul il le peut, aux déprédations du Gouvernement. J'ai exposé à mes collègues les motifs que j'ai développés plus haut à l'appui de la mesure que le Comité a prise, je leur ai rappelé le texte même de l'Article 11 du Décret du Bey, lequel porte, "Son approbation" (du Comité de Contrôle) "sera nécessaire pour donner un caractère exécutoire aux mesures d'intérêt général délibérées par le Comité Exécutif." D'où il suit évidemment que les mesures que le Comité Exécutif prend non en vertu de délibérations mais en exécution d'Articles antérieurs et précis du Décret, ne doivent pas, comme elles ne peuvent pas, être soumises au Comité de Contrôle, qui autrement pourrait ainsi opposer son veto non seulement aux résolutions du Comité Exécutif, mais encore à l'application du Décret lui-même. Il importe peu dès lors que le Comité de Contrôle soit ou ne soit pas aujourd'hui constitué.

Je n'ai pas été assez heureux pour amener mes collègues à ma manière de voir, et sur ce point un désaccord, que je regrette d'autant plus que ceux qui ne cherchent qu'à entraver les travaux de la Commission en profiteront, existe donc entre nous.

MM. Wood et Pinna disent en avoir de tellement précieuses (sic) qu'ils ne peuvent bécoter sur la ligne de conduite qu'ils ont à suivre.

Veuillez, &c.
(Signé) DE BOTSCHLIU.

Inclosure 2 in No. 365.

Circular addressed to the Foreign Representatives in the Tunis Finance Commission.

M. le Chargé d'Affaires,

Tunis, le 28 Septembre, 1869.

LE 5 Juillet dernier le Bey a promulgué un Décret pour la formation d'une Commission Financière composée de deux sections distinctes, l'une exécutive et l'autre de contrôle. Vous en savez l'histoire ainsi que les bases de l'accord qui décide Son Altesse à l'adopter.

La Commission devait se trouver réunie à Tunis (Article 14) dans le délai d'un mois, les deux fonctionnaires Tunisiens membres de la Section Exécutive furent immédiatement nommés par le Bey.

Son Altesse communiqua officiellement ce fait aux Représentants étrangers, et les invita au même temps à faire nommer par les porteurs des titres des conversions les deux membres Anglais et les deux membres Italiens du Comité de Contrôle, dans le délai voulu par le Décret.

A la suite de cette demande vous avez publié les notifications nécessaires, et, le Jeudi 6 Août, vous avez collectivement présidé au résultat de l'élection générale qui a eu lieu au palais de Dar-el-Bey.

Le procès-verbal signé par vous, ainsi que par les deux fonctionnaires Tunisiens déjà nommés, vous a proclamés membres du Comité de Contrôle, et copie authentique de ce procès-verbal vous fut remise.

De même l'Inspecteur des Finances, membre du Comité Exécutif, a été désigné par le Gouvernement Français et nommé par Son Altesse le Bey. Il est maintenant à son poste,

et, par suite de ce fait, le Comité Exécutif se trouvant en complet parat se considérer comme dûment constitué. Nous soumettons ce fait à votre appréciation, car nous le regrettons vivement, celui de Contrôle ne se trouve pas dans une position égale, puisque les deux membres Français mandataires des emprunts 1863 et 1865 ne sont pas encore à leur poste; nous ignorons même s'ils ont été nommés.

En attendant les trois membres Exécutifs ont eu plusieurs séances au siège même où les deux Comités auraient dû déjà être en présence depuis quelque temps. Nous nous sommes abstenus de faire aucune remarque officielle à ce sujet tout le temps que ces séances paraissent se borner à de simples études. Mais elles viennent de se traduire en une circulaire émanée du Général Khéredine comme président de l'Exécutif, par laquelle il invite une classe particulière de porteurs de la dette flottante de l'Etat à déposer entre les mains de ce Comité les titres qu'il possède. C'est là une mesure officielle qui a été prise sans que le Comité de Contrôle soit en mesure d'en connaître, partant d'exercer ses fonctions dans une question qui se rattache à l'intérêt général.

Ce ne sera pas nous qui nous opposerons à la libre action des porteurs à cette occasion, et nous leur en laissons toute la responsabilité. Mais il est évidemment de notre devoir de vous avertir de ce qui se passe, afin que vous puissiez apprécier l'état d'impuissance totale où est réduit notre Comité par suite de la nomination des deux membres Français, — impuissance contraire à l'esprit et à la lettre de l'Article 11 du dit Décret, qui attribue à notre Comité des pouvoirs essentiels et inséparables de l'existence de la Commission. En voici le texte : — "Le Comité de Contrôle connaîtra de toutes les opérations du Comité Exécutif. Il sera chargé de les vérifier et de les approuver s'il y a lieu. Son approbation sera nécessaire pour donner un caractère exécutoire aux mesures d'intérêt général délibérées par le Comité Exécutif."

Dans cet état de choses il est de notre devoir de sauvegarder les droits de notre Comité, et d'insister pour que ses attributions lui soient maintenues dans toute leur intégrité. Il est évident que s'il n'y a pas de contrôle il n'y a pas de Commission, partant point d'Exécutif légalement constitué. L'absence de l'un des deux Comités rend tout acte résultant des délibérations exclusives de l'autre nul et comme non avenu. C'est là une question vitale de principe sur laquelle, dans notre opinion, il ne peut pas exister de doute, et nous avons l'honneur de vous adresser à vous, MM. les Chargés d'Affaires et Consuls-Généraux, afin que vous ayez d'un commun accord aux moyens de faire exécuter sans réserve, sans restriction, comme sans délai, le Décret qui vous avez collectivement fait adopter au Roy d'après l'entente des trois Gouvernements. Vous n'avez pas besoin d'explications ultérieures pour comprendre le danger qui pourrait résulter pour tous les intérêts dans l'état actuel de la question des finances si vous permettez la moindre déviation aux termes d'un Décret qui n'est après tout que le fruit de cette entente.

C'est à regret que nous nous trouvons obligés de vous adresser à vous à cette occasion, mais nous le considérons nécessaire pour protéger les intérêts qui vous ont été confiés, ainsi que pour dégager notre responsabilité dans le cas où vos observations n'auraient pas l'effet que nous en attendons.

Agitez, &c.
(Signé) SANTIANA
GUTHRIERZ.
LEVY
FEDRIANI

No. 306

Count Apponyi to the Earl of Clarendon. — (Received October 17.)

M. le Comte,

Belgrave Square, le 16 Octobre, 1869.

UN nombre de sujets Austro-Hongrois étant intéressés comme créanciers pour la somme d'environ 2,500,000 de francs dans l'affaire difficile et compliquée de la dette Tunisienne, le Gouvernement Impérial et Royal se trouve appelé à veiller sur leurs réclamations en tant qu'elles sont fondées en droit.

Comme le Gouvernement de Sa Majesté Britannique prend part, par son Représentant, au Comité de Contrôle qui a été institué au sujet de la dette Tunisienne, ainsi que les Gouvernements de France et d'Italie, tandis qu'il n'a pas été possible d'obtenir pour le Gouvernement Impérial et Royal une représentation spéciale dans ce Comité, j'ai été chargé de m'adresser à l'obligeante entremise de votre Excellence afin que le Gouvernement de Sa Majesté Britannique veuille bien prêter ses bons offices aux créanciers Austro-Hongrois de la dette intérieure de Tunis et donner des instructions à cet effet à son

Représentants. Je crois devoir ajouter qu'une démarche analogue sera faite auprès des deux Gouvernements ci-dessus nommés qui sont également représentés dans ce Comité.

En priant votre Excellence de vouloir me faire savoir la réponse du Gouvernement de Sa Majesté Britannique à la demande que j'ai l'honneur de lui adresser, je suis, &c.

(Signé) APPONYI

No. 307.

The Earl of Clarendon to Viscount de Contades

Foreign Office, October 19, 1869

Sir,

I HAVE the honour to acquaint you that I have considered the observations made by Prince de la Tour d'Auvergne in his despatch of the 12th instant, which you communicated to me on the 16th instant, and which I now return to you with its inclosures. These papers relate to a difficulty which has arisen at Tunis in consequence of the delay in nominating the French members of the Committee of Control, and the separate action taken by the Executive Committee without waiting for the constitution of the Committee of Control.

I request you will have the goodness to state to Prince de la Tour d'Auvergne that the difficulty appears to me to have originated in the fact being overlooked that there is only one Commission, and that the Executive and Financial sections are merely Sub-Committees composing it. This being so, the Commission cannot be considered as fully constituted and qualified to act at all till both Sub-Committees are filled up, whereupon each Sub-Committee will proceed to discharge the duties devolving on it.

I think, therefore, that the Executive Sub-Committee was not qualified to issue any notice whatever, or to do any act till its fellow Sub-Committee was duly constituted, and that consequently the notice issued by it was premature and of no effect, and that the period of two months for sending in claims cannot be reckoned from the date of that notice, which must be renewed when the Commission is fully constituted.

Even admitting that the cause of delay in selecting the French members of the Sub-Committee of Control is sufficiently explained by the circumstances stated by Prince de la Tour d'Auvergne, I venture to observe that this might have been foreseen, and timely measures taken to make that delay as short as possible, instead of being, as it may be, indefinitely prolonged. The result is, that the labours of the Commission are paralyzed, and I trust that Prince de la Tour d'Auvergne will press for the early selection of the French members of the Sub-Committee.

I have only to add that I have not failed to enjoin Mr Wood to deal with the questions connected with the Commission which may come before the Representatives of the three Powers in a conciliatory spirit.

I am, &c.
(Signed) CLARENDON

No. 308.

The Earl of Clarendon to Count Apponyi

Foreign Office, October 19, 1869

M. l'Ambassadeur,

I HAVE the honour to acknowledge the receipt of your Excellency's note of the 16th instant, and to assure you that instructions shall be sent, in accordance with the wishes of the Imperial Government, to the British Representative in the Committee of Control appointed with reference to the Tunisian debt, to use his good offices whenever an opportunity may arise in favour of Austrian claimants.

I am, &c.
(Signed) CLARENDON

The Earl of Clarendon to Mr. West.

(No. 91.)

Sir,

Foreign Office, October 20, 1869

I ENCLOSE for your information and for communication to Prince de la Tour d'Auvergne, a copy of a note from Count Apponyi requesting, on behalf of his Government, that the British Representative in the Financial Commission at Tunis may be instructed to afford his good offices to the Austro-Hungarian creditors.*

I have informed Count Apponyi that instructions will be sent in conformity with his application.

I am, &c.
Signed, CLARENDON

No. 370.

Mr. West to the Earl of Clarendon. Received October 23.

No. 81.)

My Lord,

Paris, October 22, 1869

IN obedience to the instructions contained in your Lordship's despatch No. 71 of the 3th instant, I have communicated to the Prince de la Tour d'Auvergne the substance of Mr. Wood's despatch No. 48 of the 4th instant, copy of which was inclosed therein. His Excellency seemed to think that some misapprehension existed as to the manner of the working of the Financial Commission and that it was his duty to address a despatch to M. de Contades on the subject, which would be communicated to your Lordship.

I have, &c.
(Signed) L. S. SACKVILLE WEST.

No. 371.

Mr. West to the Earl of Clarendon. Received October 23.

No. 82.)

My Lord,

Paris, October 22, 1869.

I HAVE the honour to inform your Lordship that I have communicated to the Prince de la Tour d'Auvergne the contents of Count Apponyi's note to your Lordship requesting the good offices of the British Representative in the Financial Commission at Tunis in behalf of the Austro-Hungarian creditors, copy of which was inclosed in your Lordship's despatch No. 91 of the 20th instant. His Excellency said that certainly the interests which he represented were those of the German creditors, and that he would immediately write in this sense to Tunis. I informed the Prince at the same time that your Lordship was about to send a letter to Tunis in conformity with Count Apponyi's request.

I have, &c.
(Signed) L. S. SACKVILLE WEST

No. 372

The Earl of Clarendon to Mr. Wood.

(No. 26.)

Sir,

Foreign Office, October 25, 1869.

I TRANSMIT, for your information, a copy of a note from the Austrian Ambassador at this Court, requesting the good offices of the British Representative in the Financial Commission at Tunis in behalf of the Austro-Hungarian creditors;† and I have to instruct you to take such steps as may be in your power to carry out his Excellency's wishes in this respect.

I am, &c.
(Signed) CLARENDON

P.S. I likewise transmit for your information the accompanying copy of a despatch from Mr. West on the same subject.†

Mr. Wood to the Earl of Clarendon. Received October 27.

(No. 50.)

My Lord,

Tunis, October 19, 1869

IN continuation of my despatch No. 48 of the 4th October I have the honour to submit a translation of the Bey's reply to the letter which the Italian Agent and I have addressed to the Bey on the subject of the notice issued by the President of the Executive Section for the registration of the Bonds forming the Floating Debt, previous to the Financial Commission being legally constituted.

The Bey altogether evades a direct answer to the principal question at issue; but endeavours, by a reference to the separate functions assigned to the Executive and Controlling Sections, to prove that the Executive Section had not outstepped the limits of its attributions. He likewise adversely and pointedly asserts that, in order that M. Pina's and my communication should have its due effect, it must be made in common accord by the three Governments.

The Bey's evasive and unsatisfactory reply leaving no longer any doubt as to the determination of the Tunisian Government to carry out its design of settling aside, under various puerile pretexts, the Controlling Section, M. Pina and I used personally our utmost efforts to dissuade it from pursuing a course so directly at variance with the Decree and with its engagements with the three Governments.

In my separate and distinct interviews, first with the President of the Executive Section, secondly, with him conjointly with the Prime Minister; and thirdly, with His Highness in the presence of the latter, I exhausted every possible argument to persuade them of the urgency of carrying out loyally and in good faith the Decree. And I dwelt with great emphasis on the necessity of not only recognizing the Controlling Section, but of permitting it also to fully execute the functions assigned to it by the 11th Article of the Decree.

All my explanations and remonstrances proved utterly unavailing. They were not met with arguments, but with an uncompromising resistance; and the only concession they were disposed to make was, that whenever the time should come to regulate the amount of interest to be paid upon the Tunisian debts, the Controlling Section would be consulted, but not in other matters, as if the regulation of the rate of interest to be paid hereafter did not directly and absolutely depend upon the measures which the Financial Commission will have to discuss and adopt.

In this state of things my Italian colleague and I have deemed it incumbent upon us to address a second note to the Bey, of which I venture respectfully to submit a copy, in reply to His Highness' letter of the 12th instant. We reiterate our previous statement that we are unable, in obedience to our positive instructions, to recognize any act emanating exclusively from the Executive Section before the legal formation of the Financial Commission and the recognition of the Section of Control. And as the Tunisian Government affects to believe that the three Governments are not in accord, we repeat our assurance that such is not the case; but that, on the contrary, no divergence of opinion exists between them with reference to the clear wording and meaning of the Decree, which they concerted in common, and which the Bey has promulgated.

It would be trespassing too much on your Lordship's time and patience to recapitulate all the arguments and efforts to which my Italian colleague and I have resorted in order to bring the Tunisian Government to a proper sense of its duty towards Her Majesty's Government and the Governments of France and Italy. Its object always remains the same, namely, the spoliation of its foreign creditors. It has not abandoned its culpable purpose—it has simply changed its tactics for its attainment under a different form. And if our confidential information be correct, a Decree is being actually prepared for promulgation tending to annul and absorb the pledges that have been given to the different classes of its creditors.

It is difficult to foresee, in the total absence of any symptoms of a return to sentiments of good faith and loyalty, whether our second note will deter the Tunisian Government or not from committing so arbitrary an act; but if we are permitted to judge its future proceedings from its past and present temper, we must be prepared to see it persevere in the accomplishment of its secret plans and designs, unless it be peremptorily checked, even in behalf of its own interest and safety.

It would be presumptuous for me to offer an opinion as to the means to be employed for effecting this desideratum. I may be permitted, nevertheless, to respectfully suggest that, as the Tunisian Government affects to believe in the disaccord of the three Governments, which disaccord, however, it must be aware does not exist, but which it

hopes to create by its present proceedings, that Her Majesty's Government conjointly with the Governments of France and Italy should concert together the draft of a peremptory and conclusive note to be addressed by their respective Representatives in Tunis to His Highness calling upon him to carry out loyally and unreservedly all the provisions of his Decree.

While a note of the character I have ventured to suggest, would secure the harmonious and combined action of their Representatives here it would also deprive the Tunisian Government of its incessant excuse for not frankly executing its engagements, that the three Governments are not agreed, at the same time that it would destroy the hope it entertains of eventually succeeding to bring about the very disagreement and divergence of opinion regarding the interpretation of the Decree, which it is striving at present to effect. A milder course, or the evidence of any disposition on our part to yield would only encourage the expectation that, by its persistence, it will progressively obtain further concessions until the virtual abrogation of its Decree, and with it the prospect of a fair and equitable settlement of the foreign claims.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure 1 in No. 373

The Bey of Tunis to Mr. Wood and M. Pinna

(Translation)

After the customary compliments)

5 Regeb 1286 (October 12, 1869)

Nous avons reçu avec le sceau collectif daté du 2 Octobre, 1869, que nous avons compris. Nous regrettons de ne recevoir une communication au sujet des affaires financières après les efforts que nous avons fait à cet égard, et qui sont à votre connaissance, relativement à la promulgation de notre Décret du 26 de Rabi-el-Kweil, 1286, qui a été émané d'après l'accord de notre Gouvernement avec les trois Gouvernements amis. Le fait est que le Comité Exécutif et le Comité de Contrôle ont chacun deux des attributions financières spécifiées aux termes de notre dit Décret; et nous ne sommes pas d'opinion que le Comité Exécutif ait maintenant outrepassé ses attributions dans les limites assignées par le dit Décret, et par conséquent nous ne saurions trouver de raison à cette courtoisie.

Vous ignorez pas que une communication pareille pour qu'elle ait son exécution ont nécessairement été l'effet d'un commun accord des trois Gouvernements avec nous.

(Countersigned)

MOUSTAPHA.

(Signed) MOHAMED EL SADOK

Inclosure 2 in No. 373

Mr. Wood and M. Pinna to the Bey of Tunis

Milence,

Tunis, le 18 Octobre, 1869

LES Soussignés, Agents et Consuls-Généraux d'Angleterre et d'Italie, ont l'honneur d'accuser réception de la lettre que Son Altesse le Bey leur a adressée en date du 5 Regeb 1286 en réponse à celle qu'ils ont cru de leur devoir de lui adresser en date du 2 Octobre relativement aux attributions du Comité Exécutif dans le moment actuel, où le Comité de Contrôle n'a pas été encore constitué.

Son Altesse connaît mieux que personne ce que contient l'Article 11 de son Décret instituant la Commission Financière. Les Soussignés n'ont donc eu à se référer ni l'un ni l'autre, et à répéter à Son Altesse respectueusement, mais très poliment, que les observations qu'ils ont avancées sont parfaitement conformes aux explications et aux instructions qu'ils ont reçues de leurs Gouvernements, après l'entente la moins équivoque des trois Gouvernements intéressés.

Ce n'est pas donc une opinion personnelle qu'ils ont soumise à Son Altesse. C'est un devoir qu'ils ont rempli, et qu'ils doivent remplir de nouveau en descendant à Son Altesse dans les termes les plus solennels que tout acte qui pourrait émaner du Comité Exécutif ne saurait avoir aucune valeur aux yeux des trois Gouvernements tant le temps que la Commission ne sera au complet.

Les Soussignés, &c.

(Signed)

RICHARD WOOD
G. LUIGI PINNA

No 374.

The Earl of Clarendon to Mr. West.

(No. 111.)

Sir,

Foreign Office, October 27, 1869.

YOU will have seen on its passage through Paris Mr. Wood's despatch No. 50 of the 19th instant, reporting the unsatisfactory character of the communications which he and his Italian colleagues have had with the Bey in regard to the Financial Commission, and especially the Controlling Section of it.

It is very clear that the Bey, counting as he probably does on a divergence of opinion between the Governments represented in this Commission, is disposed to act on this notion, and to attempt by some device or other to defeat its objects.

Under these circumstances Her Majesty's Government agree with Mr. Wood that the best remedy for this state of things will be found in the presentation of an identic note by the Representatives of Great Britain, France, and Italy, calling upon the Bey in peremptory and conclusive terms to carry out loyally and unreservedly all the provisions of his Decree.

Such a communication should satisfy the Bey that he has no reason to expect a difference of view between the three Governments, and that the only safe course for him to pursue is that which they require of him.

You will mention this suggestion to Prince de la Tour d'Auvergne, and, if he concurs in it, you might further suggest that he should himself frame the draft of such a note and communicate it, for their concurrence, to the Governments of England and Italy.

I am, &c.
(Signed) CLARENDON.

Sir A. Paget to the Earl of Clarendon.—(Received October 31)

(No. 266.)

Florence, October 27, 1869

My Lord,

COUNT MENABREA continues to be seriously preoccupied with the financial affairs of Tunis, and he complained to me bitterly this morning as to the impossibility of any settlement being arrived at, so long as the French refuse to elect Representatives to the Controlling Section of the Commission. His Excellency passed shortly in review the negotiations which had led to the appointment of an Executive and Controlling Sections and the guarantees which were intended to be secured by the latter. The English and Italian Representatives to that section had long since, he observed, been elected, but everything was brought to a standstill by the French not having elected theirs. The Executive Commission was at work, and the French Consul-General seemed to think it strange that the English and Italian Representatives would not accept its decisions. Count Menabrea said that he had desired M. Pinna to protest in the strongest way to the Bey against giving effect to the decisions of the Executive Section, which, in order to be valid, required the sanction of the Section of Control, and until this Section was completed, and in operation, it was impossible for the Italian Government to agree to anything which might be done by the Executive Section, which to all intents and purposes, though there were two Tunisians in it, was purely French.

Count Menabrea declared that he was constantly receiving remonstrances and representations from Italian subjects in Tunis who were creditors of the Bey, protesting against all that was going on, and he had the greatest difficulty in keeping them quiet. It was not a matter in which the Government could act of themselves; they were simply the guardians of the interests of others. The conduct of the French, he must say, was most inexplicable and extraordinary: he had no wish to create unnecessary difficulties or embarrassments, but things must be conducted according to the form which had been agreed upon in Paris, and he had made and should continue to make the utmost reserves with the Bey of Tunis as to any act which he might commit which was at all at variance with or a departure from the arrangements alluded to.

His Excellency seemed to think that if your Lordship would speak seriously to the French Government, they might perhaps be induced to send such instructions as would ensure the election of the French Representatives to the Controlling Commission, and I undertook to convey to your Lordship an expression of a wish on his Excellency's part to this effect.

Nothing, I am convinced, will induce the Italian Government to forego the Controlling
1 K

Section, and, therefore, if the French persist in their present course, everything, I presume, will remain at a standstill as far as the Commission is concerned, and the ground for further complications be prepared.

I have, &c
(Signed) A. PAGET

No. 376.

Mr. West to the Earl of Clarendon.—(Received October 31.)

(No. 109.)

My Lord,

Paris, October 30, 1869.

IN obedience to the instructions contained in your Lordship's despatch No. 111 of the 27th instant, I mentioned to the Prince de la Tour d'Auvergne the suggestion therein contained, that in consequence of what had passed in connection with the attributes of the Controlling and Executive Sections of the Financial Commission at Tunis, an identic note should be presented by the Representatives of the three Powers, England, France, and Italy, calling upon the Bey in peremptory and conclusive terms to carry out legally and unreservedly all the provisions of his Decree.

His Excellency immediately said that he was unacquainted with any new difficulties which had arisen to call for such a course. He had, however, received a telegram from M. Botmiliau which stated that the English and Italian Representatives had made a representation to the Bey respecting the contravention by the Executive Section of the Commission of Article 11 of the Decree, and that he, M. Botmiliau, had forwarded copies of this communication.

His Excellency went on to say that as far as he was aware the Executive Section had not departed by any act from the provisions of Article 5 of the Decree; that this Article distinctly provided for the opening of a register in which the bonds should be inscribed, and he conceived this to be a necessary measure previous to the Commission entering on its functions; that foreseeing that a notice to this effect might cause a divergence of opinion respecting the meaning of Article 5, he had taken measures to suspend it, and that the Executive Section had never taken any other measure than providing for the inscription of the bonds. Until, therefore, he received M. Botmiliau's account of the transactions complained of by Mr. Wood and M. Pinna which had called forth on their part the representation to the Bey respecting the contravention of Article 11, he was unable to adopt your Lordship's suggestion as to the necessity of an identic note to be addressed to the Bey by the Representatives of the Governments of England, France, and Italy. It appeared to him that Mr. Wood and M. Pinna, by making such a representation without concurrence of their French colleagues, and previous communication with their respective Governments, had taken a step which was calculated to produce in the mind of the Bey exactly that idea of divergence of opinion between the Representatives of the three Governments which they now sought to remove by an identic note.

I told his Excellency that, as far as I was informed, it appeared to me Mr. Wood and M. Pinna, having had their suspicions aroused as to the ultimate intentions of the Bey in carrying out legally the provisions of the Decree, could not have done otherwise than endeavour to obtain its peremptory execution, and that the transactions as reported by them on the part of the Executive Section certainly demanded serious notice. His Excellency said that this might be so, but that until he had heard the account given of these operations by M. de Botmiliau, he could not adopt the version given by the Representatives of England and Italy.

I told the Prince that of course it was my duty to report what has passed between us to your Lordship, and I ended by observing that much of all this unfortunate misunderstanding arose from the continued delay in the appointment of the French Delegates, without whom the Commission was not constituted. His Excellency said they would be named before the 14th of next month.

I have, &c
(Signed) L. S. SACKVILLE WEST

No. 377

The Earl of Clarendon to Mr. West

(No. 120.)

Sir,

Foreign Office, November 2, 1869.

I HAVE received your despatch No. 109 of the 30th ultimo reporting your conversation with Prince de la Tour d'Auvergne with reference to the proposal contained in my despatch No. 111 of the 27th of October, for an identic note to be addressed to the Bey of Tunis calling upon him to carry out all the provisions of his Decree; and I approve of the language held by you on this occasion.

I am, &c.
(Signed) CLARENDON.

No. 378

Mr. West to the Earl of Clarendon.— Received November 6.)

(No. 128.)

My Lord,

Paris, November 5, 1869.

PRINCE DE LA TOUR D'AUVERGNE read to me yesterday a despatch which he had addressed to M. Botmiliau, the French Diplomatic Agent at Tunis, in which he makes a suggestion with a view to overcoming the apparent divergence of opinion which the representation of Mr. Wood and M. Pinna to the Bey on the subject of the operations of the Executive Section of the Financial Commission had, he conceived, given rise to, and which he much regretted. This despatch appeared to me to impress upon M. Botmiliau in very decided language the necessity of a better understanding on all matters connected with the financial arrangements now in progress being established between the Representatives of the three Powers at Tunis, and of immediate reference to their respective Governments in cases where doubt may arise. It then goes on to state that, after what has occurred respecting the imputed contravention of Article 11 of the Decree on the part of the Executive Section of the Commission, in the opinion of the French Government it might be well that the Tunisian Government should, of its own accord, recognize and notify to the Controlling Section, although not at present legally constituted, the preliminary measures which, under Article 2, appear to appertain to the Executive Section. The Prince then read to me the substance of a despatch which he had addressed to M. de Contades in which he communicates to him the contents of his despatch to M. Botmiliau, and offering the suggestion therein contained to Her Majesty's Government as the best means of setting at rest any idea which may have got abroad as to divergence of opinion existing between the three Governments. I told his Excellency I could express no opinion upon the suggestion, as I had not heard from your Lordship since my communication reporting his Excellency's answer on the subject of your Lordship's suggestion for an identic note, but that I was confident your Lordship was most desirous that the labours of the Commission should not be interrupted by such incidents, and would gladly see the Commission legally constituted by the appointment of the French Members of the Controlling Section.

I have, &c
(Signed) L. S. SACKVILLE WEST.

No. 379

The Earl of Clarendon to Mr. West

(No. 140.)

Sir,

Foreign Office, November 6, 1869.

I HAVE received your despatch No. 128 of the 5th instant, reporting a conversation with Prince de la Tour d'Auvergne respecting the want of good understanding between the English, French, and Italian Representatives at Tunis on matters connected with the Financial Commission, and I have to acquaint you that I approve your language to the Prince on that occasion.

When I have received the communication that Viscount de Contades is instructed to make to me, I will write to you further on this matter.

I am, &c
(Signed) CLARENDON

Substance of Despatch from Prince de la Tour d'Auvergne respecting Tunisian Finance.—
(Communicated to the Earl of Clarendon by M. Contades, November 8.)

LE Gouvernement de l'Empereur n'a jamais contesté, en principe, que le Comité Exécutif ne peut d'avoir d'existence légale tant que la Section de Contrôle ne sera pas définitivement constituée.

Le Comité Exécutif, en invitant dès maintenant les détenteurs de titres à présenter leurs titres, conformément à l'Article 5, avait pour unique objet de rassembler le plutôt possible les éléments nécessaires aux travaux de la Commission; il ne pouvait avoir aucune prétention de juger les questions qui concernent la dette flottante en dehors du Comité de Contrôle et sans son assentiment.

Les Cabinets de Londres et de Florence paraissent envisager différemment la portée de la disposition adoptée par le Comité Exécutif. A ce sujet Mr. West a entretenu M. le Prince de la Tour d'Auvergne d'une demande spéciale à faire auprès du Bey. Le Gouvernement de l'Empereur n'avait pas attendu les observations venues de Londres et de Florence pour transmettre à Tunis des recommandations propres à écarter toutes préoccupations. Les mesures de publicité relatives à l'élection des membres Français du Comité de Contrôle ont été mises à l'exécution; dans quelques semaines les deux Délégués seront désignés, et la Commission sera entièrement constituée avant la fin de cette année.

Prenant en considération cette circonstance et désirant avoir égard aux scrupules qui lui ont été manifestés, le Gouvernement de l'Empereur a fait parvenir à l'Agent du Bey à Paris le conseil de surseoir à la publication de l'avis adressé aux porteurs de titres de la dette flottante. Le Prince de la Tour d'Auvergne espère que le Principal Secrétaire d'Etat de Sa Majesté Britannique reconnaîtra que cette mesure satisfait aux préoccupations qu'il lui a fait exprimer, et qu'il y verra un nouveau gage du désir du Gouvernement de l'Empereur d'affirmer, autant qu'il dépend de lui, l'entente établie sur cette affaire entre les trois Gouvernements.

The Earl of Clarendon to Mr. West.

(No. 146.)

Sir,

Foreign Office, November 10, 1869

VISCOUNT DE CONTADES communicated to me on the 8th instant a despatch from Prince de la Tour d'Auvergne, the substance of which is herewith enclosed.

You will see from this paper that the French Government, while excusing the precipitancy with which the Executive portion of the Tunisian Financial Commission acted in calling for the presentation of claims before the Controlling portion of it was constituted, has recommended the Bey to revoke the notice thus prematurely published.

This course is satisfactory; but Her Majesty's Government cannot disguise that they learn with regret from another passage of Prince de la Tour d'Auvergne's despatch, that he does not anticipate the appointment of the two French members of the Commission of Control until some weeks shall have elapsed, so that the General Commission will not be established until the end of the year. Her Majesty's Government much regret this delay, which they could not have anticipated after the intimation given by Prince de la Tour d'Auvergne that measures were in progress for the immediate selection of the French members of the Controlling Section, and that the Commission might be expected to be fully constituted by the middle of the present month.

You will state to Prince de la Tour d'Auvergne that Her Majesty's Government have received with regret the communication which on this point Viscount de Contades has just made to me, and you will say that they rely upon his Excellency for hastening as far as possible the election of the French members of the Commission.

I am, &c.
(Signed) CLARENDON

The Earl of Clarendon to Mr. West.

(No. 151.)

Sir,

Foreign Office, November 10, 1869.

SINCE I wrote to you my previous despatch No. 146 of this day's date, giving you an account of a communication made to me by the French Chargé d'Affaires respecting the Tunisian Commission, I have received Mr Wood's despatch No. 51 of the 28th of October.

As this despatch has passed through your hands you have learned from it the unsatisfactory character of the communications which have taken place between the Tunisian Government on the one part and the British and Italian Representatives on the other, respecting the Controlling Section of the Financial Commission, and the assumption on the part of the Bey, in behalf of the Executive Section of that Commission, of a degree of freedom from the supervision of the Controlling Section which it was not the intention of the three Powers to admit.

Prince de la Tour d'Auvergne's despatch to M. Contades recognizes the irregularity of the proceedings which on this assumption the Bey has taken, and his Excellency appears to have intimated his opinion to that effect to the Tunisian Agent at Paris. But it is much to be feared that unless the French Consul General is authorized to make a direct communication to the Bey of the view that the French Government takes of the matter, the Bey will persist in his ill-advised course, and continue to thwart the common wishes of the three Powers to carry on the affairs of the Commission with harmony, both as regards the Tunisian Government and also as regards the joint action of their Representatives at Tunis.

It is clear that the Bey counts on the effects of disunion and is doing his best to promote it. Her Majesty's Government feel sure that, equally with themselves, the Imperial Government will deem it important that the Bey should be undeceived in this respect; and Her Majesty's Government with this view cannot refrain from again pressing on the French Government the importance of acting on the suggestion thrown out in my despatch No. 111 of the 27th October, that the three Representatives should present to the Tunisian Government an identical note calling upon it to carry out loyally and unreservedly all the provisions of the Bey's Decree.

Among those provisions none are more clear than those relating to the composition of a Commission consisting of two Sections, and it is obvious that unless both Sections are constituted no action can be taken by one, for the co-existence of both is indispensable to the existence of the Commission, of which both are component and inseparable parts.

I am, &c.
(Signed) CLARENDON

Mr. Wood to the Earl of Clarendon.—(Received November 10.)

(No. 51.)

My Lord

Tunis, October 28, 1869

A VARIETY of circumstances, since the day that the Bey signed the Decree for the formation of the Financial Commission without the participation of the British and Italian Representatives to the present moment, having betrayed an intention on the part of the Tunisian Government and its advisers to exclude the action of the Controlling Section in the arrangement of the Tunisian finances, M. Pinna and I deemed it our duty, on the first attempt being made to carry out that intention, to remonstrate against such a perversion of its formal engagements.

I have had already the honour to submit copies of the correspondence that has passed between us and the Bey on the subject; and I now venture to transmit, at the request of His Highness, a translation of his reply to the collective note which was addressed to him, in which he has accepted any measures proposed exclusively from the Executive Section, and has refused to admit the action of the Controlling Section.

If any doubt exists as to the propriety of the course which I have pursued, and my appreciation of the unjustifiable object sought to be attained by the Tunisian Government, the Bey has removed that doubt by the declaration that he will not permit foreigners to intervene in the internal affairs of the Regency, on the plea that it would compromise his sovereign rights.

The grounds upon which he bases his appeal to Her Majesty's Government and to that of Italy are plausible in appearance, and would be entitled to some consideration were they not made for objects and purposes very different from those set forth in a document the style of which is no less than the line of argument pursued therein, prove its foreign origin. It is simply another subterfuge, an attempt either to set aside the Controlling Section or so to curtail and limit the attributions assigned to it by the 11th Article of the Decree as to allow sufficient scope and latitude to the Tunisian Government to execute its designs through the Executive Section alone with regard to its foreign and foreign.

The line of conduct followed from first to last by the Tunisian Government and its secret advisers is susceptible of no other construction; and it consequently necessitates in re-stricting measures in order to compel His Highness to strictly observe instead of evading the provisions of his Decree.

It was hoped that the instructions received from the Italian Government and communicated by M. Pinna on the 25th instant to the French Chargé d'Affaires, to the Prime Minister and to the President of the Executive Section, General Khazredji, would have modified the present disposition of the Tunisian Government. But neither the distinct statement made by General Menabrea that the three Governments were in perfect accord, nor the note of the Prince de la Tour d'Auvergne to the Italian Minister at Paris containing his Excellency's equally distinct interpretation of the attributions of the Controlling Section have produced the slightest impression; on the contrary, the Bey reconfirmed his resolution in a letter which he addressed to us the day after he received the above communication.

The Tunisian Government had not deemed it necessary, up to the 25th instant, to address to the French Chargé d'Affaires a note similar to the one it has sent to the British and Italian Representatives for transmission to their Governments. This omission, however, scarcely requires any comment when it is confidentially known that the Bey has verbally asked the support of the French Government, through its Agent here, against the demand of Great Britain and Italy that the 11th Article of the Decree should be faithfully and unreservedly carried out, in consideration of His Highness's concession to France to receive and employ a French Inspector General of Finance. This circumstance, perhaps, explains the reason why M. de Botmiliau declines to co-operate with M. Pinna and me in persuading the Tunisian Government to accept the interpretation put upon the said Article by the Prince de la Tour d'Auvergne.

The Tunisian Government is encouraged in its now undisguised attempts to escape from its formal engagements by the advice of secret agents who are in personal communication with it, and who carry on an active correspondence with influential parties in Paris. M. Pinna and I cannot, therefore, expect to overcome these secret influences without the active co-operation of our French colleague, which co-operation, however, we have hitherto failed, for one reason or another, to obtain.

How long this state of things will last, it would be hazardous to predict; but I may be permitted to submit that, since the Bey has furnished the occasion by addressing the letter in question to Her Majesty's Government and to that of Italy, it might be availed of to carry out the suggestion I respectfully ventured to make in my preceding despatch, namely, that the three Governments should jointly concert the draft of a peremptory and conclusive reply, in form of a note to be presented to His Highness by their respective Agents in Tunis.

This course would ensure harmony of action; and supported by a firm and resolute language on the part of our Governments would probably dissipate tendencies injurious to the general interests, no less than to the true interests of the Regency itself.

I have, &c.
(Signed), RICHARD WOOD

Inclosure 1 in No. 383.

The Bey of Tunis to MM. Wood and Pinna.

(Translation.)

After the customary compliments.)

16 Regeb, 1286 (October 21, 1869.)

NOUS avons reçu votre lettre du 18 Octobre, 1869, signée par vous deux, et nous en avons pris connaissance. Nous avons déjà répondu, par notre lettre du 5 courant,

à celle que vous m'avez adressée en date du 2 Octobre, d'une manière que nous semblait suffisante. Nous n'aurions pas aimé, dans ce moment, de mettre sur le tapis la discussion regardant la portée des Articles de notre Décret du 26 Rabi el Avel. Cependant, à la réception de votre seconde lettre confirmant celle qui l'a précédée, et dans laquelle vous déclarez ouvertement que toute mesure prise par le Comité Exécutif avant la formation du Comité de Contrôle n'aurait pas d'effet; après que vous avez déclaré verbalement à nous et à notre Premier Ministre que toute disposition du Comité Exécutif, soit générale ou de détail, ne pourrait avoir d'effet sans l'approbation du Comité de Contrôle, nous nous voyons dans la nécessité de vous expliquer l'intention qui a inspiré les Articles de notre Décret. Ces Articles déterminent, d'une manière claire et précise, celle des fonctions du Comité Exécutif dans l'exercice desquelles il ne dépend de personne. Une de ces fonctions est la surveillance qui a été exercée sur la formation même du Comité de Contrôle, ce qui démontre nettement que la Section Exécutif ne devait avoir une existence antérieure à la formation d'un Comité de Contrôle et des fonctions indépendantes de ce Comité. Il est également clair et précis à l'égard des matières au sujet desquelles il lui faut l'approbation du Comité de Contrôle, c'est à dire, celles qui regardent les droits des créanciers en général. Le Comité Exécutif ne s'est pas jusqu'à présent ingéré dans cette matière; il s'est uniquement occupé de quelques notes que notre Décret lui attribue spécialement. Mais ce que vous nous avez déclaré par écrit et verbalement amènerait à la ressource de l'administration absolue de la politique du Royaume à des étrangers, tandis qu'il est bien connu de tous les Gouvernements que tout ce qui regarde les affaires financières se rattache à toutes les branches de l'administration intérieure du pays. Le but que nous avions en vue en faisant interférer les mandataires des créanciers dans ce qui précède, c'est-à-dire, de prendre connaissance des actes du Comité Exécutif et de les approuver s'il y a lieu, dans tout ce qui regarde spécialement la dette générale, était de sauvegarder les droits de leurs mandataires, et non pas de céder les droits de la Régence à un Comité qui est cependant composé d'étrangers représentant des intérêts opposés à ceux de notre Royaume, car le motif qui a donné lieu à protéger les droits des sujets de vos Gouvernements par le moyen de l'ingérence susdiquée nous empêche de livrer des droits de notre Gouvernement et de nos sujets à leur administration.

Nous vous prions de vouloir bien transmettre cette lettre à vos puissants Gouvernements nos amis, et restes sous la protection de Dieu.

L.S.) MOHAMMED ESSAIDOK

(Contresigné) MOSTAPHA

Inclosure 2 in No. 243

MM. Wood and Pinna to the Bey of Tunis

Tunis, le 25 Octobre, 1869

LES SOUSSIGNÉS, Agents et Consuls-Généraux d'Angleterre et d'Italie, ont l'honneur d'acquiescer à la lettre que Son Altesse le Bey leur a adressée en date du 16 Regeb, 1286, en réponse à leur note du 18 Octobre, 1869, relative aux attributions des deux Sections qui doivent composer la Commission des Finances instituée par son Décret du 26 Juillet dernier, et ils s'empresseront de la transmettre à leurs Gouvernements respectifs conformément aux désirs de Son Altesse.

Il n'est pas au pouvoir des Soussignés d'engager discussion sur des matières qui forment la base de l'entente qui a eu lieu entre les trois Gouvernements, mais, en attendant, ils prient Son Altesse de croire qu'ils regrettent infiniment de devoir réitérer la déclaration qu'ils lui ont déjà faite, que tout le temps que la Commission Financière ne sera pas constituée, toute mesure qui sera prise indépendamment du Comité de Contrôle sera considérée comme nulle et non avenue.

Les Soussignés, &c

(Signé)

RICHARD WOOD
G. LUIGI PINNA

Inclosure 3 in No. 383.

The Bey of Tunis to M.M. Wood and Pina.

Translation.)

(After the customary compliments.)

22 Regeb, 1286 (October 26, 1869).

VOUS avons reçu votre note du 26 Octobre, 1869, accusant réception de notre lettre du 16 de ce mois, en réponse à celle que vous nous avez adressée le 14 Octobre, et annonçant en même temps votre détermination de la transmettre à vos illustres Gouvernements conformément à la demande que nous vous en avions faite. Quant à nous, nous nous en rapportons toujours à ce que nous vous avons dit dans notre lettre précédente. Conservez-vous, &c.

(Contresigné)

MOUSTAPHA

L.S.)

MOHAMMED ESSADOK

No. 384

Memorandum respecting Tunisian Commission.—(Communicated to the Earl of Clarendon by M. de Lavalette, November 17.)

(Confidential.)

UN débat théorique s'est élevé, à Tunis, sur la question de savoir si le Comité Exécutif avait une existence indépendante du Comité de Contrôle, et pourrait prendre les décisions des affaires engageant la Commission, et le nom.

Le Gouvernement de l'Empereur croit que cette discussion de principes est sans utilité pratique et a vu, en conséquence, de surmonter dans l'échange de communications qui a eu lieu à ce sujet entre le Bey et les Consuls, d'un côté, d'Angleterre et d'Italie. Mais il n'a pas hésité à reconnaître, avec le Gouvernement Anglais, que la Commission forme un tout dont le Comité Exécutif et le Comité de Contrôle sont les parties séparées.

Quant au projet de publication à propos duquel le débat a pris naissance, le Comte de Lavalette, l'Empereur, dans le désir d'éviter tout sujet de controverse, a conseillé à l'Agent du Bey à Paris d'en différer l'insertion dans les journaux Français.

Nous pensons, toutefois, en nous référant au Décret du 5 Juillet, qu'une telle mesure n'a rien d'irrégulier. En vertu de cet acte, en effet, il appartenait en tout cas au Bey de prendre l'initiative de la publication; et s'il avait procédé ainsi, nous ne voyons pas comment on aurait pu lui opposer une objection légitime.

Nous sommes autorisés à penser que tel est également l'avis du Cabinet de Florence, et l'Agent d'Italie à Tunis a reçu des instructions conçues dans cet esprit. Aux yeux du Gouvernement Italien, comme aux nôtres, la publication de l'appel adressé aux détenteurs de la dette flottante semblerait parfaitement légale, et il y aurait avantage à ce que cette mesure ne soit pas différée indéfiniment. Nous considérons, en outre, que les éléments nécessaires à l'étude de la dette flottante, et de réparer, dans la mesure possible, la perte de temps résultant des retards qu'a subis la réunion du Comité de Contrôle.

Londres, le 15 Novembre, 1869.

No. 385.

The Earl of Clarendon to Mr. West.

No. 183.

My Lord,

Foreign Office, December 18, 1869.

THE French Ambassador communicated to me on the 15th instant a despatch from Prince de la Tour d'Auvergne respecting the Tunisian Commission, of which the substance was as follows:

The French Government, it is said, considering the discussion which had been raised at Tunis as to whether the Executive Branch of the Commission had existence independently of the Controlling Branch, and could at once come to conclusions which would be binding on the Commission, as being of no practical use, but abstained from taking part in the communications which had passed on this point between the Bey and the English and Italian Consuls-General, but it had not hesitated to agree with

the British Government that the Commission was a whole, of which the Executive Branch and the Controlling Branch were inseparable members.

The French Government had dissuaded the Bey's Agent at Paris from publishing in the French newspapers the notice which had given rise to the discussion, but it nevertheless was of opinion that, looking to the Bey's Decree of July 5, there would have been nothing irregular in so doing.

Under that Decree the initiative of publication appertains to the Bey's Government and if it had adopted that course, leaving to the Executive Branch to watch over it, no legitimate objection could have been made to it.

The Imperial Government believes that its view in this respect is shared by that of Italy, and that instructions to that effect have been sent to the Italian Agent at Tunis. Both Governments consider that the publication of the notice to the holders of the floating debt would be perfectly legal, and it was advantageous that it should not be indefinitely delayed. Without trenching on the rights of the Controlling Branch, the publication would enable the Executive Branch to collect materials for the examination of the floating debt, and to remedy, as much as possible, the loss of time which has been caused by the delay in constituting the Controlling Branch.

I expressed to M. de Lavalette my satisfaction at finding that Prince de la Tour d'Auvergne held the same opinion as had been throughout maintained by Her Majesty's Government respecting the Commission, namely, that it was a whole of which the Executive and Controlling Branches were inseparable.

It followed, however, from this, that until the Controlling Branch was formed, the Commission was incomplete and inoperative; and the delay which had taken place was much to be regretted, as the cause to which it was attributed should have been foreseen and provided for.

I express my apprehension that, if materials for the examination of the floating debt were still to be collected, the inquiry might be indefinitely prolonged; and I added that the success of the Commission depended upon the Bey being impressed with the belief that a complete understanding existed between the three Governments, and that the subject ought now to be decisively dealt with.

I am, &c.
Signed: CLARENDON

No. 386.

Sir A. Paget to the Earl of Clarendon.—(Received November 19, 5.30 p.m.)

(Telegraphic.) Florence, November 19, 1869, 12.30 p.m.

MAY I acquaint Members of substance of your communications with Prince de la Tour d'Auvergne and West respecting Tunis?

No. 387.

Mr. Wood to the Earl of Clarendon.—(Received November 22.)

No. 152.)

My Lord,

Tunis, November 13, 1869.

I HAVE the honour to acknowledge the receipt of your Lordship's instructions No. 26 of the 25th of October, accompanying a copy of a note from the Austrian Ambassador at the Court of St. James's, requesting the good offices of the British Representative in the Financial Commission at Tunis on behalf of the Austro-Hungarian creditors, and directing me to take such steps as may be in my power to carry out his Excellency's wishes in this respect.

I have lost no time in communicating with my Austrian colleague on the subject of Count Apponyi's note to your Lordship, at whose disposal I have placed the services of Her Majesty's Consul-General, and I have also informed the Tunisian Government that it was the express desire of Her Majesty's Government, as well as of the Governments of France and Italy, that the interests of the Austro-Hungarian creditors should be duly considered in the proceedings of the Commission. A similar communication has been made to the British and Italian Members of the Financial Commission for their information and guidance in the matter.

I am, &c.
Signed: RICHARD WOOD

Count Apponyi to the Earl of Clarendon.—(Received November 21.)

M. le Comte, *Belgraves Square, le 22 Novembre, 1869.*
PAR sa note en date du 19 Octobre votre Excellence a bien voulu m'informer, en réponse à la requête que j'avais eu l'honneur de lui adresser, que la Représentant Britannique dans la Commission de Contrôle instituée pour le règlement de la dette Tunisienne avait été autorisé à prêter, le cas échéant, ses bons offices aux réclamations des créanciers Austro-Hongrois.
Ayant porté cette réponse à la connaissance de mon Gouvernement, il m'a chargé d'être auprès de celui de Sa Majesté Britannique l'organe de ses remerciements pour l'obligeant empressement avec lequel a été accueillie la demande du Cabinet Impérial et Royal. Le même bienveillant appui ayant été prêté de la part des Gouvernements de France et d'Italie, également représentés dans la Commission, il faut espérer que les intérêts des créanciers Austro-Hongrois trouveront dans ce concours une défense efficace.

Agrées, &c.
(Signed) APPONYI.

Lord Lyons to the Earl of Clarendon.—(Received November 27.)

(No. 1,005.)
My Lord, *Paris, November 26, 1869.*
THE Prince de la Tour d'Auvergne told me yesterday that the French members of the Controlling Section of the Tunis Financial Commission had been elected yesterday. One of them was, he said, already at Tunis, and the other was to set out for that place immediately after his election.

I have, &c.
(Signed) LYONS.

Note-Verbale communicated to the Earl of Clarendon by M. de Lavalette, November 27.

(Confidential.)
LES obligataires Français des deux emprunts Tunisiens, réunis en Assemblée Générale, ont désigné les deux Délégués chargés de représenter leurs intérêts dans le Comité de Contrôle. La Commission des Finances Tunisiennes va donc se trouver définitivement constituée, et rien ne s'oppose plus à ce qu'elle puisse procéder librement à l'accomplissement de la tâche qui lui est confiée.
Il paraît désirable de ne point différer davantage la mise en pratique des dispositions relatives à la réunion des titres de la dette flottante; tout retard, d'après les informations qui parviennent au Gouvernement de l'Empereur, ne pouvant qu'être également préjudiciable aux intérêts de l'administration locale et à ceux de ses créanciers.
Le Gouvernement Italien paraît l'avoir compris, et a déjà donné cours à la publication de l'avis destiné aux porteurs de la dette flottante. Nous espérons que le Cabinet de Londres, tenant également compte des nécessités de la situation, autorisera de son côté son Agent à Tunis à approuver une mesure qui ne paraît plus de nature à motiver d'objections sérieuses.
Londres, le 27 Novembre, 1869.

Sir A. Paget to the Earl of Clarendon.—(Received December 1.)

(No. 310.)
My Lord, *Florence, November 22, 1869.*
IN virtue of the authority conveyed to me by your Lordship's telegram of the 20th instant, I went this morning to the Foreign Office to impart to Count Menabrea the substance of your Lordship's recent communication with Her Majesty's Minister in Paris, and with the French Chargé d'Affaires in London, in reference to the Commission for the Financial Affairs of Tunis; but as his Excellency was not at the office I saw M. Blanc, and read to him a short précis which I had prepared of your Lordship's note to Viscount de Contades of the 19th of October, of your Lordship's despatch to Mr. West No. 111 of the 27th of October, of Mr. West's reply No. 109 of the 30th of October, and of your Lordship's despatches Nos. 146 and 151 to Mr. West of the 10th of November.
M. Blanc, in thanking me for this communication, expressed his gratification at finding how entirely the language used by your Lordship coincided with the views of the Italian Government, and the instructions which they had sent.
No news subsequent to the 14th of November has been received in Florence from Tunis, and M. Blanc did not, therefore, know whether the election of the French members of the Controlling Section had, as Prince de la Tour d'Auvergne said would be the case, taken place at that date.

I have, &c.
(Signed) A. PAGET.

The Earl of Clarendon to Lord Lyons.

(No. 924.)
My Lord, *Foreign Office, December 1, 1869.*
M. DE LAVALETTE has informed me that at a general meeting held by the French bondholders of the two Tunisian loans, they have nominated the two Delegates who are to represent their interests in the Controlling Section of the Commission.
The Tunisian Finance Commission will then, his Excellency observed, be definitively constituted, and there will no longer remain any impediment to its proceeding at once to the accomplishment of the duty with which it is entrusted. It appeared to his Excellency desirable no longer to delay carrying out the arrangements relative to the collection of the titles of the floating debt; any delay in this respect, according to the information which the Imperial Government receive, proving alike prejudicial to the interests of the local administration and to those of its creditors.
M. de Lavalette added that the Italian Government appeared to have recognized this necessity, and had already taken steps for the publication of the notice to the bondholders of the floating debt.
The French Government expressed the hope that the Cabinet of London, equally recognizing the necessities of the situation, would on their part authorize their Agent at Tunis to approve a measure which no longer appeared calculated to call forth serious objections.
M. de Lavalette in conveying to me the views of his Government on this subject, made to me an urgent request that instructions might be sent to Mr. Wood not to oppose the collection and deposit of titles of the floating debt—a measure absolutely necessary for ascertaining the real amount of Tunisian indebtedness.
I told his Excellency that instructions should be sent accordingly to Mr. Wood.
I am, &c.
(Signed) CLARENDON.

The Earl of Clarendon to Mr. Wood.

(No. 27.)
Sir, *Foreign Office, December 3, 1869.*
I TRANSMIT to you, for your information and guidance, a copy of a despatch which I have addressed to Her Majesty's Ambassador at Paris, on the subject of the Tunisian Finance Commission.

You will perceive from this despatch that the French bondholders of the two Tunisian loans having nominated Delegates to represent their interests in the Controlling Section of the Commission, the French Government desires that no further delay may take place in carrying out the arrangements relative to the collection of the titles of the floating debt, as any such delay may prove prejudicial to the interests of the local administration and to those of its creditors, and they therefore request the co-operation of Her Majesty's Government to facilitate this preliminary arrangement; and I have accordingly to instruct you not to offer any opposition to the proposed proceedings of the Controlling Section of the Commission in this respect.

I am, &c.
(Signed) CLARENDON.

No. 394.

Mr. Wood to the Earl of Clarendon.—(Received December 8.)

(No. 53.)

My Lord,

Tunis, November 25, 1869.

THE Tunisian Government has published two Decrees in its official Gazette, translations of which I have the honour to submit herewith inclosed. The one is addressed to the Governors, fiscal officers, farmers of the public revenue, and others, directing them to pay into the chest of the Executive Section of the Financial Commission the proceeds of all the revenues, duties, and taxes, without exception, pursuant to the 11th Article of the Bey's Decree for the establishment of the Commission; and the other is directed to the President of the Executive Section, authorizing him to receive the same, and to give a discharge for them.

Thus, the Bey has finally consummated the object which he and his Government have incessantly sought to attain, namely, the virtual abrogation of his contracts with his local creditors, and the appropriation of the forty-five sources of revenue, representing, in the aggregate, an annual amount of 6,000,000 of francs, which were assigned to them as securities.

The verbal excuse put forward for this flagrant violation of solemn engagements is an affected apprehension that the revenues might be absorbed by the Government officials before the Commission could be completed. So puerile an excuse to palliate so great a wrong does not merit any serious consideration, inasmuch as, if the Tunisian Government had no confidence in the integrity of its own intentions, or could not rely on the honesty of its officials, it was in its power to have adopted conservative measures with the concurrence of its creditors, without depriving them of the sources of revenue that were given to them in liquidation of their claims.

The scope, however, of this illegal measure is to enable the Executive Section to obtain possession of the guarantees before the formation of the Section of Control; to retain the money in its coffers; to superadd to the already existing pecuniary distress of its creditors, and to place them thereby in the alternative of either accepting the conditions it might offer them, or of throwing upon them the responsibility of the disasters that might result from their refusal to accede to them.

A recapitulation of the series of disloyal acts to which the Tunisian Government has resorted during the last two years to despoil its creditors, and the alarm and dissipation of their capitals to which it has subjected them, would be too great a tax upon your Lordship's patience. But I may be permitted to respectfully state that, in the presence of the utter disregard evinced by the Tunisian Government to the protests presented to it by Her Majesty's Government and that of Italy, against the violation of its obligations, which protests embodied their refusal to acquiesce in any despotic arrangement tending to deprive the British and Italian creditors of their securities, as well as in the presence of its total inattention to my and my Italian colleague's recent declaration that we could not accept any act emanating exclusively from the Executive Section previous to the Financial Commission being constituted, M. Piana and I have deemed it proper to refrain from renewing our remonstrances until the receipt of fresh instructions, in order not to place ourselves in the position of again seeing our representations set at naught by a reckless Government, which, regardless of its own dignity, is unable to estimate what is due to the dignity and prestige of other Governments.

The Tunisian Government is contemplating further acts of prepotency. Its present plan is to accelerate, on the one hand, the execution of a series of arbitrary measures; and to lessen and limit, on the other, the attributions of the Controlling

Section, in order that, on the formation of the Commission, this latter Section should find itself powerless to rectify them. It hopes that, by the success of its scheme, it will render difficult, if not impossible, an understanding between the two Sections; and thus, by paralyzing their action, maintain its own measures as accomplished facts.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure 1 in No. 394.

Decree addressed to the Prime Minister.

(Traduction.)

CONFORMEMENT à notre Décret du 20 Rabi-el-Awel de cette année, nous avons institué, dans le but de régler les dépenses de notre Gouvernement, une Commission Financière divisée en deux sections, les fonctions de chacune desquelles sont déterminées par les Articles de notre susdit Décret.

Et par suite de ce qui résulte clairement de l'Article 9 du Décret précité, qu'une des attributions de la première section consiste dans la perception des revenus de la Régence de quelque espèce qu'ils soient, nous ordonnons maintenant que le dit Comité s'occupe de cela à partir du 13 Décembre prochain.

Par conséquent, tous ceux qui sont chargés de percevoir l'argent du Gouvernement, c'est-à-dire, nos fils les Gouverneurs, les Agents, les Fermiers et autres, devront verser tout l'argent qu'ils percevront, en temps dû, dans la caisse du dit Comité.

Par conséquent vous vous adresserez à tous ceux qui sont chargés de percevoir les revenus du Gouvernement, de quelque espèce qu'ils soient, afin qu'ils versent tout l'argent qu'ils retireront dans la caisse du dit Comité. Nous avons émané un ordre à cet effet à notre fils le Président de la Commission Financière, ordre qui lui parviendra par l'entremise de votre Ministère. Que Dieu vous soit en aide!

Salut de la part du pauvre devant son Dieu, son esclave le Moushir Mohammed Elsadak Bey, que Dieu l'aide par ses bienfaits.
Ecrit le 10 Chaban, 1286.

Inclosure 2 in No. 394.

Decree addressed to the President of the Financial Commission.

(Traduction.)

LOUANGES à Dieu.

A l'illustre et honorable Général, Ministre, notre fils Klayreddin, Président de la Commission Financière, que Dieu le garde!

Conformément à notre Décret du 20 Rabi-el-Awel de cette année, nous avons institué une Commission Financière, pour régler les recettes et les dépenses de notre Gouvernement, divisée en deux sections, les fonctions desquelles sont déterminées par notre susdit Décret.

Et par suite de ce qui résulte clairement de l'Article 9 du dit Décret, qu'une des attributions de la première section est celle de percevoir les revenus de la Régence sans exception aucune, nous ordonnons maintenant que le Comité Exécutif entre dans l'exercice de ses fonctions dès le commencement du mois de Décembre prochain.

En conséquence, tous ceux qui sont chargés de retirer les revenus de la Régence, c'est-à-dire, nos fils les Gouverneurs, les Agents, les Fermiers et autres, devront dorénavant verser en dû temps tout l'argent qu'ils retirent, dans la caisse du Comité Exécutif dans notre palais à Tunis. Aucun d'eux ne sera regardé libéré de l'argent appartenant au Gouvernement sans avoir préalablement obtenu un reçu du dit Comité. Nous avons donné les ordres nécessaires à notre Premier Ministre à ce sujet, afin qu'il écrive à tous ceux qui sont chargés de percevoir l'argent du Gouvernement, et que ceux-ci concourent à son exécution de conformité. En conséquence le dit Comité percevra tous les susdits revenus comme nous avons établi, et Dieu lui soit en aide.

Ecrit par le pauvre devant son Dieu, esclave du Très-Haut, le Moushir Mohammed Elsadak Basha Bey, que Dieu l'assiste par ses bienfaits, le 10 Chaban, 1286.

Mr. Wood to the Earl of Clarendon.—(Received December 8.)

(No. 54.)

My Lord,

Tunis, November 27, 1869.

I HAVE the honour to report that a telegraphic despatch was received yesterday from Paris, announcing the nomination of the two French members of the Section of Control of the Financial Commission. The gentlemen elected are Captain Bonfils, of the French Navy, and Aide-de-camp to Prince Napoleon, who was recently sent to Tunis by M. Pinart, Director of the Comptoir d'Escompte, to negotiate the forced unification of the Tunisian debts, and M. Du Bois, ex-Sub-Director of the Ministry of Finance.

It would seem, according to a paragraph which appeared in the "Moniteur des Fonds Publics," warning the French bondholders, that the nomination of these two persons had been preconcerted by Baron Erlanger and M. Pinart, the bankers who had contracted the so-called French loans of 1863 and 1865.

I am confidentially informed that it is in contemplation to appoint the three Tunisian members of the Tunisian Section, namely, the President of the Commission, General Khairaddin, to be Minister of Finance, General Mohamed Hazzadar, Minister of the Interior, and M. Vilette, the French Inspector, to be Minister of Commerce and Agriculture.

It is also affirmed that besides this arrangement other schemes have been suggested to the Tunisian Government for stultifying the action of the Controlling Section of the Financial Commission.

It is likewise asserted that the French Inspector of Finance has already submitted in a confidential form his plan for the settlement of Tunisian indebtedness to the French Government, with the sanction of the Bey, in the hope of obtaining for it their approval and support, previous to its being carried out.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure in No. 395.

Extract from the "Moniteur des Fonds Publics" of November 18, 1869.

LA DETTE TUNISIENNE: ELECTION DE DEUX DÉLÉGUÉS.—La journée du 22 Novembre sera, pour le présent, une date fatale pour les obligataires Tunisiens.

L'élection des deux Délégués nous paraît se faire dans des conditions déplorable, et nous engageons ceux des obligataires porteurs de l'emprunt de 1865 à protester contre une élection qui ne leur donne aucune satisfaction.

Nous avions espéré que, cédant aux demandes qui leur en seraient faites, les honorables personnages composant la Commission qui siège 26 Avenue Montaigne, se décideraient à diviser le vote, et à laisser nommer un Délégué pour chacun des emprunts.

Il n'en est rien; nos espérances sont déçues, et avec elles disparaît notre espoir de voir la justice être rendue dans toute sa plénitude.

Que les obligataires ne s'illusionnent plus, ce n'est pas par la nomination des deux Délégués qu'ils obtiendront satisfaction; car, à en juger par ce qui se passe à l'Avenue Montaigne, les amis de Son Altesse le Bey de Tunis ont tous les atouts dans les mains.

Ils n'ont pas craint de dire, à quelques électeurs qui ont tenu à avoir des explications, que le but qu'ils se proposaient était l'unification de la dette.

Ce serait là un acte de la plus haute perfidie, et nous avons la conviction qu'aucun obligataire n'a entendu, — ni n'entend, — en nommant les deux Délégués, leur donner les pouvoirs nécessaires pour traiter de l'abandon des garanties à eux consenties par le Bey.

Il est de notre devoir d'édifier, une dernière fois, les intéressés sur les agissements et les ténébreuses machinations ourdies contre eux par le Comptoir d'Escompte et par le Baron Erlanger. C'est surtout aux porteurs de l'emprunt de 1865 que s'adressent nos observations.

S'il est vrai que le Traité de Concession de l'emprunt 1863 donnait en garantie les sommes à percevoir pour l'impôt personnel, il est tout aussi exact de dire que, des 1864, et à la suite d'une révolte, le Bey fut obligé de supprimer cet impôt; dès lors les obligataires de 1863 n'avaient plus de garanties sérieuses.

A l'emprunt 1865 furent affectées des garanties spéciales et qui existent encore. Celles-là il ne faut pas les abandonner.

Or, voter aujourd'hui pour deux Délégués qui ne sont pas investis d'un mandat déterminé, parfaitement défini et contenant, avant toute chose, la condition formelle de s'opposer à tout projet d'unification de la dette totale, c'est voter sa perte et sa ruine complète et immédiate.

Nous avons supposé, on croit toujours à la loyauté, que le 22 Novembre serait une assemblée d'électeurs, précédant un vote, et non pas une votation pure et simple.

Point de candidats indiqués, point de réunions préparatoires, rien qui puisse aider l'obligataire dans la marche qu'il a à suivre.

Lorsque nous disons, point de candidats, nous nous trompons — il y en a deux; nommés d'avance, avant et malgré l'élection, ce sont les créatures des banquiers par l'entremise de qui s'est consommée la ruine des souscripteurs confiants.

Il n'y a donc qu'un moyen de remédier à cette déconvenue, pour ceux qui ont des garanties que l'on veut leur ravir; il n'y a qu'une voie à suivre pour éviter une ruine complète, c'est de protester contre l'élection du 22 Novembre, comme étant entachée de nullité, le mandat à donner aux délégués n'ayant pas été défini.

On a dit qu'ils seraient nommés pour défendre les intérêts généraux; soit, mais faut-il encore s'entendre sur la valeur à donner au mot "défendre."

Nous avons vu des hommes défendre leur patrie en la livrant aux étrangers. Est-ce ainsi que les Délégués entendent agir? On a dit qu'en effet ils seraient autorisés à demander l'unification de la dette.

Jamais les obligataires n'ont entendu donner un tel mandat.

Nous les répétons, il faut protester, et protester hautement, contre l'élection du 22 Novembre.

(Signé) W. VIDAL.

No. 396.

Mr. Wood to the Earl of Clarendon.— Received December 29.)

(No. 55.)

My Lord,

Tunis, December 18, 1869.

I HAD the honour to receive yesterday your Lordship's instructions No. 27 of the 3rd of December, giving cover to a copy of a despatch addressed to Her Majesty's Ambassador at Paris, on the subject of the communication which M. de Lavalette has made to your Lordship relative to the nomination by the French bondholders of the two Delegates who are to represent their interests in the Controlling Section of the Tunisian Finance Commission.

As in consequence of their nomination the Financial Commission will be definitively constituted, His Excellency has expressed a desire that no delay should occur in carrying out the arrangements for the collection of the titles of the floating debt; and that as the Italian Government had recognized this necessity, and had already taken steps for the publication of the notice to the bondholders of the floating debt, the French Government were desirous that Her Majesty's Government should likewise approve a measure which no longer appeared calculated to call forth serious objections, and that I should be instructed accordingly.

In reply I venture respectfully to state that, the explanatory note which the Prince de la Tour d'Auvergne presented to the Italian Minister at Paris, and with a copy of which my Italian colleague was good enough to furnish me in a confidential form, together with the nomination of the two French Delegates, having removed the serious objections which existed at the time to the publication of the notice in question, I lost no time in adopting the necessary measures, in anticipation of your Lordship's instructions, for the collection and deposit of the titles of the floating debt.

I have, therefore, every reason to believe that, at the present date, all the titles of the floating debt, appertaining to British subjects in the Regency, have been duly registered at the Office of the Tunisian Finance Commission.

I have, &c.
(Signed) RICHARD WOOD.

Inclosure in No. 396.

*Memorandum by the Prince de la Tour d'Auvergne.**Paris, le 7 Octobre, 1869.*

LE Bey de Tunis, agissant sur les suggestions du Comité Exécutif de Finances, a prescrit l'insertion dans un certain nombre d'organes de publicité de l'Europe d'un avis destiné à provoquer la production des titres de ceux des créanciers de la Régence dont les droits ne sont pas contrôlables par des contrats publics. Le Gouvernement Italien a cru devoir s'opposer, en ce qui le concerne, à l'exécution de cette mesure, alléguant que des deux Comités composant la Commission des Finances Tunisiennes, un seul est actuellement institué, et qu'il ne serait procédé à aucune opération que sous la surveillance et avec l'approbation de l'autre.

Le Comité de Contrôle, dont les obligataires Français sont en ce moment appelés à compléter l'organisation, est en effet investi du droit qu'implique le terme même employé pour le désigner sur toutes les opérations et délibérations du Comité Exécutif; mais ce droit n'est ici nullement en question. Il ne s'agit point en effet d'appliquer une mesure délibérée spontanément par l'un des deux groupes constitutifs de la Commission. Il s'agit simplement de l'exécution d'une simple disposition préliminaire édictée de l'aveu des trois Cours le 5 Juillet dernier, et dont le soin a été expressément commis au Comité Exécutif par l'Article 5 du Décret du Bey, dont voici les termes:—

" Pour les dettes qui ne sont pas contrôlables par des contrats les porteurs de titres devront se présenter dans un délai de deux mois. A cet effet, le Comité Exécutif veillera à ce qu'il soit publié un avis dans les journaux de Tunis et à l'étranger."

C'est cette mission que le Comité, et avec lui le Gouvernement Tunisien, ont eu en vue de remplir aujourd'hui. Leur mandat ne va pas au delà et ne peut par conséquent engager en rien les décisions futures de la Commission, qui demeure seule investie du droit de statuer sur la valeur des réclamations et qui ne pourra l'appliquer que lorsqu'elle aura été régulièrement constituée. Il ne saurait s'établir aucune confusion sur ce point, et il y a lieu d'espérer que le Gouvernement Italien ne maintiendra pas ses objections contre une mesure qui n'a en réalité d'autre objet que de hâter la réunion des éléments utiles aux délibérations de la Commission Financière.

No. 397.

Mr. Wood to the Earl of Clarendon.—(Received December 29.)

(No. 56.)

My Lord,

Tunis, December 18, 1869.

I HAVE the honour to report that, in consequence of the nomination and arrival of the two Delegates to represent the interests of the French bondholders of the two Tunisian loans, the Tunisian Finance Commission, being considered as definitively constituted, held its first sitting on the 16th of December, at which the Executive Section presented to the Section of Control the plan it had previously prepared for the arrangement of Tunisian indebtedness.

This plan is at present under consideration, and I will do myself the honour of transmitting a copy of it to your Lordship so soon as I can obtain it, together with the result of the deliberations thereon by the Delegates of the Bey's creditors.

I beg to rectify the error I committed in my despatch No. 54 of 27th November last, with reference to M. Dubois, one of the French Delegates, who, it would appear, instead of being an ex-sub-Director, is still on the active list of employés of the French Minister of Finance.

I have, &c.

(Signed)

RICHARD WOOD.